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O'Mahoney Pursues Inquiry Into Ocean Marine Market; Develops FTC's Views

By HENRY C. HALLAM

WASHINGTON—A&S and ocean marine were explored by Sen. O'Mahoney's subcommittee investigating the insurance business. John W. Gwynne, chairman of Federal Trade Commission, indicated that there was plenty of competition in life and casualty and that he thought legislation might be needed to give FTC jurisdiction in the mail order field, but that this depended on the outcome of the Travelers Health case, now on appeal to the Supreme Court.

Miles F. York, president of Atlantic Mutual and of American Institute of Marine Underwriters, vice-chairman of American Hull Insurance Syndicate, and president of Board of Underwriters (Marine) of New York, testified that a syndicate operation in ocean marine greatly increases the capacity as well as the competitive independence of this market. He said that American ship owners, exporters and importers today are receiving more protection at a lower cost than ever before.

The subcommittee is scheduled to integrate rate making bureau personnel beginning May 26. In the meantime, the New York insurance department and Maritime Administration,

both of which had been called to testify, were put off for later appearances.

The subcommittee closely cross-examined Robert Sills of the FTC staff, particularly on ocean marine; and Sen. Magnuson made an appearance to defend the exemption of ocean marine insurers from the anti-trust act. Sen. Magnuson is chairman of the committee on interstate and foreign commerce. He said the ocean marine insurance market, operating under the anti-trust exemption, is vital to the American merchant marine. There have been no complaints from ship owners about the hull syndicate.

Dept. Of Commerce Letter

Sen. O'Mahoney read a letter from Department of Commerce to FTC indicating that American marine underwriters have not been particularly interested in the ocean marine market until recently. It is clear, Mr. O'Mahoney said, that the purpose of the exemption under section 29 has not been accomplished. He indicated that some of the market's activities were outside section 29 and that some of its activities constituted violations of that section.

Sen. Magnuson disagreed. He said that "most of the people who pay for this insurance feel the necessity of a strong American market."

Has Encouraged Market, Capacity

Mr. York in his testimony indicated that the anti-trust exemption of 1920 was the means by which Congress encouraged formation of the hull syndicate. It has grown so that hull values insured by it have increased from \$50 million in 1921 to more than \$1 billion presently. In the same period the syndicate has been able to increase its maximum coverage on a single vessel from \$2.5 million to \$10 million.

British insurance interests, with more than 250 years of experience, continue to dominate the world market in ocean marine insurance. However, the American market now writes approximately 50% of the American hulls and 45% of U. S. exports and imports, he said. American insurers wrote \$205,300,000 in ocean marine in 1957, compared with \$164,800,000 in 1952. He estimated the British ocean marine premiums at \$513,700,000 in 1956 and \$521,800,000 in 1952.

American Market's Strength

The strength of the American market is the best protection of the waterborne commerce of this country, Mr. York declared. As an example he cited a situation that prevailed during World War II when British underwriters quoted a cargo rate of 7.5% on shipments from the Atlantic Coast to Australia—business where they were competing with the American market. In contrast, on a shipment from Buenos Aires to Australia, a much shorter and less hazardous voyage, the British rate, freed from

American market competition, was 12.5%.

"Where there is active competition by a strong market such as the present American market," he said, "the rates are forced down. Where the British have substantial control, the rates are much higher."

Open world competition has produced substantial rate reductions for ocean marine insurance buyers, he said. The average hull and cargo rates are less than half what they were in 1947.

However, Mr. York pointed out the advantages of world-wide competition would be lost to insured if regulation deprived American marine insurance of the flexibility which is the unique characteristic of marine insurance. Rates and covers must be individually and competitively negotiated if the American market is to continue to serve the insuring public as it has in the past, and to compete for business.

Operations in 1956 and 1957 resulted in losses for the business as a whole even though the expense of writing ocean marine insurance is somewhat lower than that of most forms of insurance, he said.

The high values of today's vessels represented tremendous concentration

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The National Underwriter in the next issue will print statistics by company and grand totals of auto insurance written in the U.S., including lists of leading companies and leading groups.

Lewis A. Vincent, general manager of National Board presents Lydia Fruhauf, an art student from Geneva, Switzerland, with the first prize in the 1959 fire prevention week poster competition. The \$300 prize was presented to Mrs. Fruhauf at ceremonies at the Art Students League in New York.



Bennem Is Chairman Of Surety Assn.; Volume Up In 1958

Group Votes To Join New Information Institute; Abandons Jubilee Plans

William H. Bennem, vice-president of American Surety, elected chair-

man of the executive committee of Surety Assn. of America at the annual meeting in New York. He succeeds J. A. Swearingen, Aetna Casualty. William H. Wallace, Hartford Accident, was named vice-chairman.

The association voted to become a member of Insurance Information Institute and authorized Warren N. Gaffney, general manager, to take action in this regard. The education director, David Porter, whose duties are largely technical, will remain with the association rather than with the institute. Jurisdiction over rate filing and other publicity relating to the lines written by member companies will also be retained by the association.

In his annual report, Mr. Gaffney said that plans for the association's golden jubilee observance in November had been abandoned because of

(CONTINUED ON PAGE 33)

"Sales" Dominates Company Education Directors Meeting

By ROBERT C. DAUER

SKYTOP, Pa.—Insurance Company Education Directors Society held its annual meeting here last week under dripping skies which cut out-door activity at the Pocono resort to a minimum. As a consequence of that and a program calculated to titillate the varied appetites of the 70-odd members present, all sessions were particularly well attended.

Allan Wikman, General Adjustment Bureau, was elected president for the coming year. Other new officers are David J. McGrath, Allstate, 1st vice-president, and John J. Leddy, American, 2nd vice-president. George W. Tisdale, Commercial Union, was re-elected secretary-treasurer. George D. Haskell, American Mutual Insurance Alliance, and Acis Jenkinson III, North America, were named directors.

The considerable emphasis of the program on sales—sales training, sales psychology, sales methods—was something new for the group. But since this is an organization which cuts across all "party lines," the sales theme was certainly a reflection on the current preoccupation of all segments of the insurance business with sales and marketing problems.

Insurance Company Education Di-

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Hour By Hour Schedule For NAIC Annual Parley

The hour-by-hour agenda for the annual meeting of National Assn. of Insurance Commissioners, June 8-12 at Boston, has been prepared. There are 45 meetings of subcommittees, committees, and the full membership. Items of interest primarily to fire and casualty insurance men are listed below. The titles of the committees are followed by the chairmen and the agenda, if any.

Monday, June 8

9-10 a.m.: Life and Accident & Health Blank Subcommittee, W. Harold Bittel, New Jersey—Proposed state business page.
9-10 a.m.: Regulation of Advertising Subcommittee, Grubbs, Nebraska.
9-10 a.m.: Group Fire and Casualty Subcommittee, Bennett, Iowa—Report on fictitious groups.
10-11 a.m.: Future Meeting Sites Subcommittee, McConnell, California.
10-11 a.m.: Examinations Manual Revisions Subcommittee, Thacher by Julius Sackman, New York—Inclusion in the manual, an examination program for employee welfare funds, or, alternatively, a separate manual.
10-11 a.m.: Credit Life and Credit A&H Legislation Subcommittee, Gerber, Illinois.
11-12 a.m.: State Insurance Laws (Review) Subcommittee, Pearson, West Virginia.
11-12 a.m.: Anti-twisting Laws and Problems Subcommittee, Gerber, Illinois.
1-2 p.m.: Insurance Problems Installment Sales and Loans Subcommittee, Thacher, New York.
1-2 p.m.: Organization, Ownership and Certification of Insurance Companies Subcommittee, Parker, Virginia.
1-2 p.m.: Automobile Rate Classification Subcommittee, Smith, Pennsylvania.
2-3 p.m.: NAIC Membership Subcommittee, Knowlton, New Hampshire.
2-3 p.m.: Definition of "Non-Cancellable" and "Guaranteed Renewable" Insurance Subcommittee, Gerber, Illinois.
3-4 p.m.: Operations of Executive Secretary's Office Subcommittee, Parker, Virginia.
3-4 p.m.: Blue Cross-Blue Shield Regulations Subcommittee, Thacher, New York.
3-4 p.m.: Statistical, Rating and Filing Problems of Multiple Lines Subcommittee, Thacher, New York.
4-5 p.m.: Commercial Pension Funds and Truited Welfare Funds Subcommittee, Thacher, New York.

Tuesday, June 9

9-10 a.m.: Casualty and Surety Committee, Mahoney, Maine—Auto warranty contracts; auto policy cancellation provision (West Virginia).
9-10 a.m.: Flood and Hurricane Committee, Gold, North Carolina—Advisability of amending federal flood insurance act of 1956.
9-10 a.m.: Valuation of Securities Committee, Sullivan, Washington—Valuation of Securities Subcommittee report.
10:30-12 a.m.: First plenary session, Hammel, Nevada, president, presiding.
1-5 p.m.: Publication of reports.

Wednesday, June 10

9-10:15 a.m.: Blanks Committee, McConnell, California—Blanks Committee report; welfare and pension funds blanks subcommittee report; life and accident & health blank subcommittee report.
9-10:15 a.m.: Rates and Rating Organizations Committee, Leggett, Missouri—Statistical, rating and filing problems of multiple line contracts subcommittee report; group fire and casualty insurance subcommittee report; optional or permissive use of schedule rating plans (Zone 4); optional or permissive use by risk of rate modifications resulting from savings in expense (Zone 4).
10:30-12 p.m.: Definition and Interpretation of Underwriting Powers Committee, Davis, Mississippi—Classifications of fire, marine and casualty insurance, industry committee report; interpretation of nationwide marine definition, industry committee report.
1-2:15 p.m.: Accident and Health Committee, Knowlton, New Hampshire—Regulation of advertising subcommittee report; definition of "Non-cancellable" and "Guaranteed renewable" subcommittee report.
1-2:15 p.m.: Examinations Committee, Sullivan, Washington—Examinations practice and procedure manual revisions and committee report.
2:30-3:45 p.m.: Laws and Legislation Committee, Gerber, Illinois—Organization, ownership and certification of insurance companies subcommittee report; state laws necessary and essential to state regulation subcommittee report; principle of extra-territoriality of state laws subcommittee report.
2:30-3:45 p.m.: Non-Profit Hospital and Medical Service Associations Committee, Smith, formula between hospitals and service associations subcommittee report; greater standardization of Blue Cross and Blue Shield regulation subcommittee report.
4-5:15 p.m.: Fire and Marine Committee, Pearson, West Virginia—Cancellation clause—Inland marine (Rhode Island); radioactive contamination assumption clause (Rhode Island); reconsideration of nuclear exclusion clause (West Virginia); fire policy requirements and multiple peril policies (West Vir-

ginia); that the definitions of the statistical plan for expenses of the NAIC fire statistical plan be amended to agree with the insurance expense exhibit filed in conjunction with the annual statement (Zone 5).

4-5:15 p.m.: Insurance Covering Installment Sales and Loans Committee, Larson, Florida—Insurance problems in connection with installment sales and loans subcommittee report; credit life and credit A&H model bill legislation subcommittee report.

Thursday, June 11

9-11 a.m.: Executive Committee, Parker, Virginia—Executive committee report; proposed amendment to NAIC constitution; future sites for NAIC meetings subcommittee report; operations of the executive secretary's office subcommittee report; membership subcommittee report, blanks committee report; preservation of state regulation committee report, executive secretary's report; selection of executive secretary.
11-12 a.m.: NAIC Zone meetings.
1:30-5 p.m.: Preservation of State Regulation Committee, Knowlton, New Hampshire, and Federal Liaison Committee, McConnell, California, joint meeting—Reports of previous meetings; consideration of questionnaire No. 2; review of status of Senate hearing and committee assignments.

Friday, June 12

9-10:45 a.m.: Second plenary session—Hammel, Nevada, president, presiding.
11-12 p.m.: Plenary Executive Session.

Neville Joins Agency, Godsall Becomes U. S. Head Of New Zealand

Robert L. Neville, U. S. manager of New Zealand for three years, has re-



Elwood Godsall



R. L. Neville

signed effective June 1 to enter the local agency business as a partner of Cameron & Roberts, of Santa Barbara, Cal.

Elwood Godsall, assistant manager will assume administrative responsibilities for U. S. operations of New Zealand.

Chicago Fire Engineers Hear Flame Control Talk

Flame safeguard equipment was discussed and demonstrated by Robert Smith of Minneapolis Honeywell Regulator Co. at the May meeting of Chicago chapter of Society of Fire Protection Engineers.

To prevent pilot flames from gas or oil burning apparatuses from going out undetected, the old type beam devices were replaced by electronic controls which facilitated proving the absence of flame, were more reliable and were extremely fast. Mr. Smith discussed the sensory elements of a number of electronic controls and described their respective advantages and shortcomings.

St. Paul F.&M. Boosts Dividend

Directors of St. Paul F. & M. have increased the quarterly dividend from 30 to 32½ cents a share. The first dividend under the new rate will be paid July 17 to stock of record July 10.

North America Has New Auto Policy For Careful Driver

Indemnity of North America has developed a new economy automobile policy called the Champion policy. It is currently available to agents in Pennsylvania only. The policy is tailored for the careful driver and is the direct result of agent recommendations following the company's Disneyland and other conferences.

A package policy, Champion includes single limit third party coverage, medical payments, uninsured motorist, and direct damage coverage on the automobile. It will be written for six months. Since it is designed primarily for the prudent automobile owner, this business will be strictly underwritten. Impaired or extra-hazardous risks will not be accepted. Agent ownership of expirations will be confirmed by contracts for writing the new policy offered through separate agency agreements.

A new, electronically equipped division has been established. It will assume the agent's office routine by sending out extension notices and collecting "extension" premiums. The producer writes the initial policy and submits it with the gross premium to the division.

Texas Bills Affecting Insurance Approved

AUSTIN—Gov. Daniel has already approved 13 of the 41 measures affecting the insurance business that were passed during the regular session of the legislature. The lawmakers reconvened in special session May 18, and legislation dealing with the status of the insurance board was on the agenda.

Of the 13 approved measures, nine relate principally to spelling out certain legal investments for companies or to life insurance matters, while four involve fire, workmen's compensation and bonds. Most of them have been described as routine in effect.

Has 28 Others To Consider

Gov. Daniel also has before him 28 other bills that have been passed, with 16 affecting general company operations or life insurance and the remaining 12 relating to fire and casualty lines.

Two of these measures awaiting action are of widespread interest. One would eliminate the necessity for annual license renewals of companies, with the board retaining its right to order a show-cause hearing to clarify any question on the company's status. The other measure would provide that agency licenses expire one year from the date of issuance instead of all expiring on March 31 of each year. If approved, both measures would avoid the annual rush for relicensing during the spring months.

Fire Losses Decline By 8.5% In April

Fire losses in the U. S. in April amounted to \$90,689,000, down 8.5% from April, 1957, according to National Board. The total was a 9% decrease from March, 1958.

Losses for the first four months of 1958 total \$401,402,000, a decrease of 1% from the first four months of 1957.

Pacific Board Elects Clyde Marshall At 64th Annual Parley

Clyde M. Marshall, Aetna Fire, and A. J. Stockmiller, London & Lancashire,



C. M. Marshall



E. E. Erickson

were elected president and vice-president, respectively, of the Pacific Board at the closing session of the board's 64th annual meeting at Santa Barbara.

Elected to the governing committee for a two-year term were J. J. Campion, Phoenix of London; Carl N. Homer, Deans & Homer; Dana L. Jones, Ohio Farmers; B. J. Oswald, Pearl-Monarch, and S. D. Menist, Fireman's Fund. One year alternates are C. A. Brough, Pacific National; J. A. Bunting, Rathbone, King & Seeley, and H. D. Vore, Loyalty group.

Direct Writer Is Big Challenge

One of the board members' big challenges of today and the future is that of the direct writer, E. E. Erickson, Reliance, said in his address as outgoing president. "That we will not concede to the loss of mass market business has been amply demonstrated by the board membership," he declared. "The sales committee was formed to meet this challenge and theirs is probably the toughest assignment ever placed in the hands of a single board committee."

"The problem of how to obtain a substantial share of the anticipated increase in mass market business is the question we must solve—and time is running against us." Mr. Erickson told the company representatives. "It's going to take planned, intelligent, persistent and imaginative thinking to achieve a way out and to get back on firm ground."

He asked the members to make greater use of their trade association, saying it is unwise and wasteful not to support the board nor to make full use of its facilities. Membership carries with it substantial benefits and substantial responsibilities which make it absolutely essential that each carry his share of the burden.

Reviewing the work of the committees, Mr. Erickson called attention to those with field men and asked that management increase liaison and education activities with representatives in the field.

Reports were given by Frank C. Colridge, manager-secretary; A. J. Stockmiller, chairman of the governing committee; W. P. White Jr., Aetna Casualty, chairman actuarial and research committee; R. D. Brumbaugh, Royal-Globe, chairman public relations committee; R. H. Archerd, Pearl, chairman joint committee on accounting and office procedure, and F. C. Beazley, Phoenix of Hartford, and J. R. Jones, America Fore Loyalty, committee on

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Thacher Champions Free Competition

Superintendent Thacher of New York, in a talk at the anniversary luncheon of Insurance Brokers Assn. of New York state, said the licensee or group that appeals to his department for protection against the pressures of legitimate competition is asking that the most important force in a free economy be suspended for private benefit, to the detriment of the public. While he is superintendent, he added, such appeals will be regarded with a critical or even a jaundiced eye, because a good part of his experience at the bar has been in the anti-trust field.

Any and all innovations which may be proposed to expand the benefits of coverage to insured will receive the department's active support, so long as these advances go hand in hand with adequate financial and underwriting safeguards, Mr. Thacher said.

If private initiative is not exercised in the public interest, it seems inevitable that sooner or later, by default, the state will be compelled to provide what industry has failed to make available.

He said he hopes to have state regulations republished during the next year, supplemented by codification and publication of internal rules and policies of his department.

Where interpretation of existing statutes appears to be necessary, further regulations will be promulgated after public hearing, Mr. Thacher said. Proposals for amendments to the insurance law will continue to be made the subject of public hearing at the department's instance, in advance of the legislative session. If and when investigation discloses unfairly restrictive or discriminatory practices, which are not prohibited by the statute, hearings will be held to determine whether they should not be outlawed under the unfair trade practices section of the law.

Mr. Thacher urged producers to

share ideas with the public. He said when the department receives letters complaining that insured has never "received anything" for his insurance, although he has been covered for many years and has never had an accident or loss, it is clear that the producer has neglected to do anything more than collect premiums. On the other hand, when investigations disclose that other producers have delivered cash and cases of liquor to claims men, it is apparent that they have wantonly abandoned any regard for the public interest.

Elected directors of the association were Edward G. Armitage; James E. Hubbell, R. R. Rathbone & Son; Franklyn J. Jackson; Ralph L. Lucas, Davis, Dorland & Co.; Cornelius J. Reid; Gilbert J. Sinnott, Cosgrove & Co., and Edwin G. Stephens, Frank B. Hall & Co. The association was luncheon host to directors and officers of National Assn. of Insurance Brokers which simultaneously held its annual meeting in New York.

Pacific Claims Executives Hold Meeting At Portland

W. A. Brooks, vice-president of Oregon Automobile, and Robert Mautz, Portland attorney, were luncheon speakers at the two-day conference of Pacific Claims Executives Assn. at Portland.

New member companies welcomed were Allstate, Automobile Club of Southern California, Crum & Forster, General of Seattle, and Members Ins. Co. of California.

Associated Claims Service Expands

Associated Claims Service, Chicago company adjusters, has opened an office at McHenry, Ill., with Henry Kawa as manager. He has been an examiner for 10 years for Royal at Chicago. The opening of the new office marked the sixth anniversary of Associated Claims Service.

Uphold One Year Suit Clause In PPF

The fifth U.S. appeals court has held unconstitutional a Florida statute under which the one year suit clause in a policy issued and delivered in Illinois would be invalid.

A personal property floater had been issued by Sun Office in Chicago to John Clay, then a resident of Illinois. Insured later became a resident of Florida. Thereafter, he sustained a personal property loss claimed to have been intentionally caused by his wife as an outgrowth of marital discord. Liability was resisted on the ground that intentional damage by the spouse of the named insured was not covered.

Filed After One Year

Suit was filed in the Florida courts after the lapse of one year. The insurer asserted an additional defense predicated on the lapse of the one year within which suit might be brought as stipulated in the policy.

Insured contended that the one year suit clause in the PPF was illegal and void under the Florida statute. That reads:

"All provisions and stipulations contained in any contract whatever entered into after May 26, 1913, fixing the period of time in which suits may be instituted under any such contract, or upon any matter growing out of the provisions of any such contract, at a period of time less than that provided by the statute of limitations of this state, are hereby declared to be contrary to the public policy of this state, and to be illegal and void. No court in this state shall give effect to any provision or stipulation of the character mentioned in this section."

Trial Court Held For Insured

The trial court overruled both insurer defenses, holding that intentional damage of the kind described was covered under the policy and that the suit was not barred under the one year suit clause because of the impact of the Florida statute.

The insurer appealed. The appeals court, with one judge dissenting, reversed the trial court and directed the entry of judgment in favor of insurer.

The higher court commented preliminarily on the rule requiring the federal court to apply the law which the Florida courts would apply, concluded that the Florida courts would regard the policy as an Illinois contract because it was issued and delivered in that state to a resident, and therefore expressed the view that the Florida court would regard the statute as inapplicable since the one year suit clause is valid under Illinois law. However, since there were no Florida cases so holding, the court declined "to make the difficult guess as to what the Florida courts might decide if they were presented with this issue" and proceeded to consider the constitutionality of the Florida statute if applicable to the policy in question.

The court said that "assuming that a state might, if its connections with a foreign contract are sufficiently great, be permitted to effectuate its own public policy by striking down an agreement which was valid where made, the question remains: Are the contracts which Florida has with this contract great enough to permit this to be done in this case? These contracts consist of nothing more than the presence of the insured property and the beneficiary in Florida beginning subsequent to the formation of

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"Sonic Boom" Is Not Insured "Explosion", Alabama Court Holds

By JAMES C. O'CONNOR

Circuit court in Montgomery, Ala., last week held damage by "sonic boom"—shock waves set up by aircraft passing the sonic barrier—not to be "explosion" within the meaning of extended coverage. The case is *Bear Bros. vs Fidelity & Guaranty Underwriters, No. 24164*.

The insured was a contractor constructing a terminal building at the Montgomery municipal airport and the property was insured against fire and extended coverage perils under a standard builders risk form. The building was damaged by shock waves set up by an air force jet fighter as it made a pass over the field during an Armed Forces Day demonstration, May 18, 1958. The contractor and the city of Montgomery made a joint claim for explosion damage amounting to \$1,850, and the insurers, F&G Underwriters, Citizens and L&L&G., denied coverage. The case was tried without a jury on an agreed stipulation of facts. Judge Jones held that the damage was not caused by "explosion."

Sonic Boom Exclusion

An interesting feature of this case was that the extended coverage portion of the form contained the provision, which has been recently incorporated into EC in most states: "The following are not explosions within the intent or meaning of these provisions: (1) concussion, unless caused by explosion . . ." This was inserted for the specific purpose of excluding "sonic boom" losses. However, this is not mentioned in either the stipulations nor the opinion, so it is impossible to tell whether it influenced the outcome. If the case is appealed, this may play a part in the opinion of the appeals court.

Judge Jones based his opinion primarily on the position that "the term 'explosion' is commonly and ordinarily understood to mean a violent bursting or expansion, following the sudden production of great pressure as in the case of explosives, or a sudden release of pressure as in the rupture of a steam boiler." Then he pointed out that "'Sonic boom' is a new term which has not acquired a fixed meaning in the minds of the general public. . . . Below the speed of sound in air, which is about 760 miles per hour under standard atmospheric conditions,

an object moves through the air without causing unusual disturbances. Air is elastic, and at subsonic speeds the air particles in the path of a moving object are easily pushed aside. . . . At an above sonic speed, air particles are not as easily pushed aside, and as they accumulate in front of and

around a moving object pressure changes or pressure waves are continuously produced which gradually culminate in continuous shock waves." On this reasoning, he concluded that no "explosion" had occurred.

General Adjustment Bureau handled the loss and W. C. Johnston of the Montgomery law firm of Rushton, Stakely & Johnston represented the insurers.

The "sonic boom" problem has been an important one for fire insurance people for several years. This case can

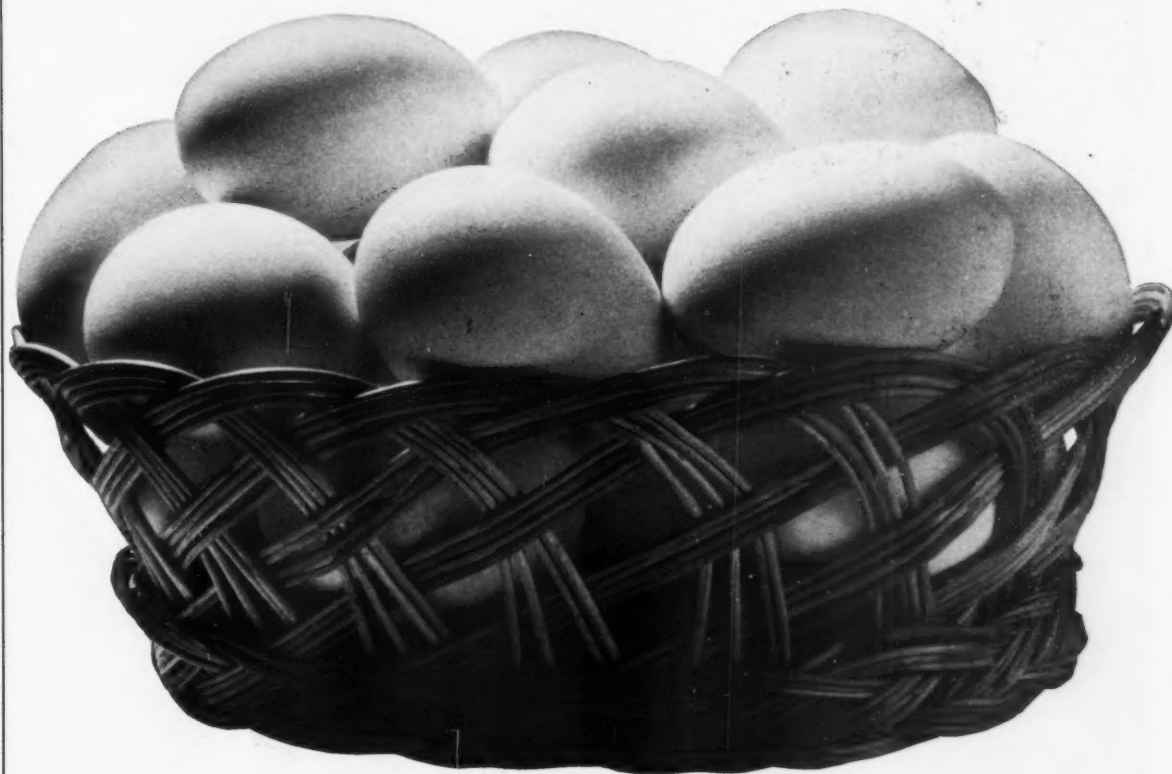
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Marine Union Sets London Meeting

International Union of Marine Insurance will hold its 1959 Congress in London in September.

A full day of open meetings on Sept. 16, to which all marine underwriters are invited, and provision of simultaneous translating equipment, are innovations in plans for the congress. Such topics as hull business in general, heretofore discussed only in official meetings of delegates, will be on the

(CONTINUED ON PAGE 39)



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Rendezvous To Be At Monte Carlo Sept. 7-12

The meeting of insurers and reinsurers will take place at Monte Carlo Sept. 7-12. Societe des Bains de Mer de Monaco states that those whose names appear on the list of participants will be entitled, as last year, to the casino and beach.

The meeting is open to all in insurance and reinsurance over the world. The 1958 meeting, also in Monte Carlo, attracted 600 insurance men from 30 countries.

The meeting is sponsored by a self appointed group of personalities in the European insurance and reinsurance business, presided over by Andre Roux, president and director general of Compagnie d'Assurances Generales. Promoters of the gathering believe the attendance will be larger than last year. How many from the western hemisphere will come is unknown though there may be interest in the large volume of business cancelled by the London market.

Up to now nothing has been suggested on forming committees for discussion or study of reinsurance matters and conditions from an international point of view. However, working committees of the Comite European des Assurances on matters related to the European common market and another on fire insurance will have their meetings in Monte Carlo at the same time as the rendezvous, as well as the committee on automobile business.

R. S. Landen Adjustment Co. of Columbus has moved to the First Federal Building, 71 East State Street.

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Pacific Employers Promotes Six To V-P

Pacific Employers has named six new vice-presidents: Stanton Haight, T. Edmond Roberts, George A. Jackson, Preston A. Drake, Donald Frost and R. G. Waters.

Administratively, the men will continue in present capacities. Mr. Haight, formerly resident vice-president, is manager of the San Francisco office. Mr. Roberts is manager of the home office fire department; Mr. Jackson is general claims superintendent for California.

Mr. Drake is general claims superintendent of the Interstate division. Mr. Frost, secretary of the company, now holds the dual title of vice-president and secretary. Mr. Waters, formerly resident vice-president, heads the southwestern division comprising the states of Texas, Oklahoma, Louisiana and Mississippi.

National Bureau And NAUA Revise Auto Rates In Ala.

National Bureau and National Automobile Underwriters Assn. have revised automobile rates for Alabama.

National Bureau has increased private passenger BI and PDL rates by a statewide average of 2.9%. In Mobile and Montgomery rates remain unchanged. In Birmingham increases range from \$1 to \$3 for class 1, and from \$2 to \$6 for class 2. In the remainder of the state increases range from \$1 to \$2 for class 1 and from \$2 to \$4 for class 2. Commercial car rates were increased 9.8% and rates for garage risks buying the broad coverage were reduced 2.3%, statewide.

NAUA increased comprehensive premiums for most popular priced private passenger automobiles \$2. In Birmingham comprehensive was unchanged.

Private passenger collision premiums for \$50 and \$100 deductible were reduced 4% in Jefferson and Mobile counties and 8 to 12% in the balance of the state. Fire rates on commercial autos operating within a 50 mile radius were reduced 17%. Collision premiums on the same type of vehicles were reduced 6%.

Robert L. Young office manager of Federal Mutual's executive office in Decatur, Ill., has been placed in charge of the fire and allied lines underwriting department.



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DATA PROCESSING

Significant Gains In Midwest PR Program Reported

Better public understanding of the factors that control insurance costs, particularly automobile insurance, was the primary objective the past year of the midwestern public relations division of Assn. of Casualty & Surety Companies, according to a report submitted at the annual meeting of the midwestern public relations advisory committee in Chicago.

Charles C. Clarke, midwestern public relations director, pointed out in his report that the problem of public ignorance and indifference to its role in rate making was attacked in various ways. Local projects were coordinated with the association's national program, and whenever possible the services of local agents and their associations were utilized to strengthen the impact of contact with public groups and the communications media.

Two upward revisions of automobile insurance rates in Illinois in 1957 were followed by another increase in 1958. Despite three increases in such a short period, editorial treatment of automobile insurance rates by newspapers was highly satisfactory. This reflected continuing efforts to furnish newspapers with factual background material supporting the need for higher rates.

In the midwest the past year there was a marked increase in newspaper attention to automobile rates, and releases on the subject from the midwestern division were used extensively. Contacts with daily newspapers in Chicago helped bring about several feature articles on automobile insur-

ance, including three series of articles and two features in a widely distributed Sunday magazine section. These were in addition to regular news treatment of the subject. Material also was prepared for discussion of the subject on two radio programs, and two magazines with a national circulation carried articles based largely on material furnished by the midwestern division.

Many Newspapers Visited

Many of the Chicago community and suburban newspapers were visited, resulting in use of provided material on insurance and traffic safety. Whenever such visits were made, at least one release of a timeless nature was left with the editor. This gave purpose to the visits, and the editors used the releases. Visits to the local newspapers were made when on trips away from Chicago.

There was exceptional publicity value to special projects the past year. Surveys in Cook County of court congestion and of jury verdicts returned in personal injury suits developed considerable factual data that supported the need for increased auto rates. Because these studies developed previously unavailable information, they were of unusual interest to the newspapers and provided helpful material for speakers.

An indirect effect of the special surveys was to increase in the eyes of the newspapers the importance of the midwestern division as a source of material on automobile and other insurance. More and more reporters on insurance assignments now check with the office.

A working relationship on public relations matters was established during the year with Western Under-

(CONTINUED ON PAGE 28)

Hartford Fire Sets Up BDO Division

Establishment of a new business development department by Hartford Fire group and election of Channing Barlow as secretary to head it has been voted by directors. Directors also elected J. Kenneth Cagney, superintendent of the advertising department, an assistant secretary of Hartford Fire.

The new business development unit, among other responsibilities, will supervise the advertising and sales promotion activities of all companies in the group.

Mr. Barlow has been with New York advertising agencies the past 13 years. He was vice-president of Marschalk & Pratt, a division of McCann-Erickson, which has handled the Hartford Fire account since 1952. Previously he was account executive with Albert Frank-Guenther Law, and is a former vice-president of Wilson, Haight, Welsh & Grover.

Mr. Cagney joined the advertising department in 1946 and has served as superintendent since 1953. Previously he was with the Newell-Emmet Advertising Agency in New York. He is vice-chairman of Insurance Advertising Conference and chairman of the fire prevention committee of Hartford Chamber of Commerce.

Hartford Accident's sales promotion department is headed by Assistant Secretary Harold J. Graham.

Hudson County (N. J.) Assn. of Insurance Agents, at its April meeting, heard Eston V. Whelchel, Newark manager of Provident Life & Accident, discuss life and A&S as the new income provider for fire and casualty agents.

Great American Has New Budget Plan

Great American has adopted a simplified premium payment budget plan with improved features. Insured's signature is no longer required on the agreement. All elements of the plan are geared to an agency's normal office procedure.

The agent collects and retains the first payment. He receives a check for the remaining balance. This permits him to treat the item as though it were received direct from insured, and he thereby receives full commission.

There are no large down payments, but equal installments with a low interest charge. Practically all forms are eligible under the plan, and policies may be added at any time by completion of new agreement and combination of new with existing payments. The agent receives his full commission in advance. The plan is designed for exclusive use of Great American producers as an aid in account selling. Payments are on an annual, semi-annual, quarterly and monthly basis.

Mich. Senate Passes Bill To Limit Liquor Liability

Despite a strenuous fight led by Sen. Paul Younger, Lansing attorney, the Michigan senate recently passed a bill designed to limit liability under liquor bonds or liability coverage to a point where insurers can continue to accept the business.

The measure goes to the house where it faces an uncertain fate.

The bill rewords the present law to make liability claims recoverable against liquor licensees only where direct responsibility can be proved. Experience with excessive judgments, many directed against licensees whose culpability appeared slight, dictated the effort to change the law, backers of the bill say.

Maine Holds Regionals

Maine Assn. of Insurance Agents has just completed three regional meetings, at Caribou, Pittsfield, and Lewiston, with the new executive secretary, Reuben K. Dyer handling the arrangements.

Speakers included John H. Donaldson, casualty claims counsel of General Adjustment Bureau, New York; Werner A. Low of GAB at Manchester, N. H.; Stanley F. Hanson, general adjuster in Maine of GAB; Harold E. Trahey, rate analyst of the Maine department; and David F. Hale, Maine divisional manager of the New England Fire Rating Assn. In addition, a panel of representatives from Pine Tree State Field Club treated homeowners, and the film on the Big I advertising campaign was shown.

Zurich Names Blumer

Zurich has appointed Robert P. Blumer market research analyst in the sales analysis and promotion division. Prior to joining Zurich, he was with the Erwin Wasy, Ruthrauff & Ryan advertising agency.

Kemper Slates Regional Meetings

Three more regional meetings have been scheduled for eastern department agents of Kemper companies. They will be at Roanoke, May 25; Richmond, May 26, and Charlotte, N. C., May 28. Baltimore and Philadelphia meetings have already been held this month.



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Whitford, Myers Discuss Responsibilities, Way To Success At Chicago Insurance Day

The talks at Chicago I-Day by George V. Whitford, vice-president Reliance, and Gerald E. Myers, vice-president W. A. Alexander & Co., probed a multitude of current ills in the business and offered some possible solutions.

Mr. Myers covered a large area in a talk on the responsibility of the insur-

ance producer to his clients. He said in view of the highly competitive forces and methods of distribution in insurance today and in view of the basic and fundamental differences in concept of these methods of distribution, the producer must set down a basic philosophy for doing business.

He suggested that perhaps the most

concise and readily acceptable statement for producers is the charge administered to the new CPCU designees and commented that it was interesting to note that the statement is essentially an abbreviated form of a pledge which was adopted by National Assn. of Insurance Agents at a meeting in Detroit some 30 years ago. He added that there is nothing in the statement that refers exclusively to a large commercial or industrial insured, nor is there any excuse in excluding from it the small or personal insurance buyer.

"We must accept the fact at the very outset that the smaller insurance buyer is entitled to a measure of professional service and insurance counsel, just as he is entitled to good dental care, competent medical treatment and sound legal advice," he said. "We have an obligation to make available to him in our insurance distribution system the service of a bona fide agent or broker and the protection of strong and stable insurance companies."

May Mean Overhauling

"We must not abandon him to an 'over-the-counter' or 'mail order' insurance operation. This may mean a complete overhauling of our methods of producing policies, our present rating procedures and long established methods of selling insurance. Whatever these changes may be, we must reserve for the small insurance buyer the opportunity to deal with an insurance man who can actually treat his clients interests as if they were his own."

Mr. Myers stated that the standards of the insurance industry will be high if "our conduct as insurance producers is such as to maintain high standards." Service and protection sold can be no higher in quality, however, than the protection afforded by and the integrity of the companies represented. It is the producer's responsibility to his client to maintain an active interest in the operation of the entire insurance industry.

Obligation To Raise Standards

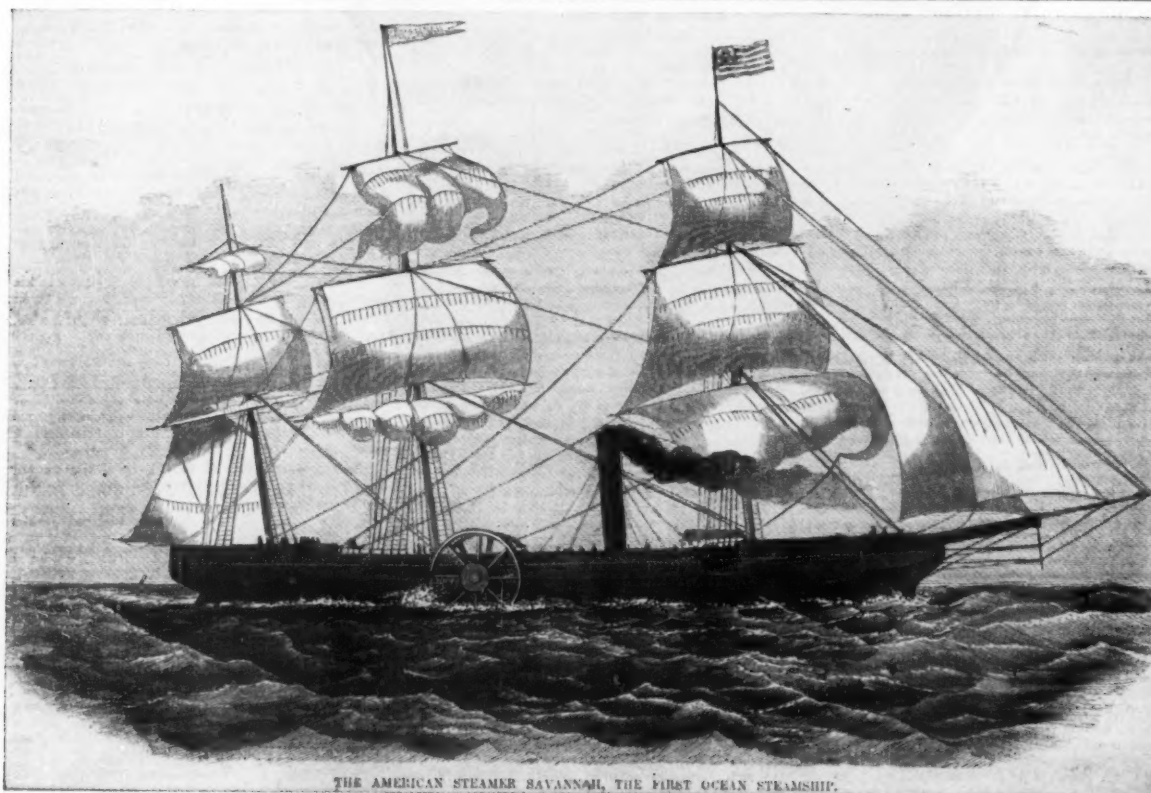
He emphasized the obligation of producers to raise their standards, meaning more emphasis on education through associations and greater utilization of educational facilities of the companies. There must also be a concerted effort toward raising the standards of agents and brokers qualification laws.

"We should not be too surprised at the willingness of the public generally to buy insurance over-the-counter or through the mail," he said. "A long established practice of placing insurance licenses in the hands of mortgage houses and part-time insurance producers has encouraged people to expect very little, if any, service in connection with the purchase of fire insurance, for example. Rather, it has taught them to look upon the insurance policy as a piece of paper which one orders much as he would order a monthly magazine. Is it not a little absurd for us to talk about the responsibilities of an insurance producer to his client, and professionalism in distribution of insurance, when practically anyone who can read and write can pass the necessary insurance examination and secure a license to sell insurance in most states?"

Look To Future Renewals

Since the insurance producer today is known "by the 'company' he keeps, unless he is purely a peddler and his clients expect him to sell each annual renewal much as he would sell merchandise in a department store, he must always be looking ahead toward future renewals," the speaker declared. He added that the client's best interest is served by a continuation of coverages, even though an annual review may be made of premiums and policy conditions in the form of an annual renewal policy. For proper protection of his client, the producer must place great emphasis on the financial stability of the insurer, he said. He must jealously guard his reputation with his companies and he

(CONTINUED FROM PAGE 29)



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National Maritime Day

May 22 is designated by Act of Congress as National Maritime Day to commemorate the first transatlantic round trip by steam propelled ship, the American steamship Savannah in 1819 (pictured above). The purpose of Maritime Day is to stimulate public interest in and support of our Merchant Marine as a vital factor in the national economy and national security. We are happy to pay tribute to America's Merchant Marine.

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AEC Eyes Change In Nuclear Indemnity

Atomic Energy Commission has issued for public comment a proposed revision of its indemnity regulation under which financial protection is given to the public, commission licensees and their suppliers against damages from accidents involving nuclear reactors licensed by the commission.

The regulation to be amended requires reactor licensees to maintain insurance or other private financial protection in amounts prescribed by AEC. It provides also that AEC will furnish indemnity protection in the amount of \$500 million above the amount of financial protection furnished by the licensee. The regulation was first issued in September, 1957, based on indemnity legislation enacted by the 85th Congress.

Under the proposed amendments, financial protection of \$1 million would be required for reactors having thermal power levels not exceeding ten kilowatts; \$1.5 million for reactors between ten kilowatts and one mega-

watt; and \$2.5 million for reactors with thermal power levels greater than one megawatt but not exceeding ten megawatts.

For reactors having thermal power levels above ten megawatts and for all power and testing reactors, a formula is provided for computing the amount of financial protection required. These amounts would range from \$3.5 million to \$60 million. As in the existing regulation, the formula is based principally on the thermal power level of the reactor, at the rate of \$150 per thermal kilowatt. A new feature of the proposed amendments, however, would add to the formula a factor which takes account of the population density of the area surrounding the reactor. For reactors with a rated capacity of 100 electrical megawatts or more, the amounts of financial protection required would be \$60 million, the maximum amount of nuclear energy liability insurance available from private insurers.

Other Changes

Another proposed new feature of the regulation would require financial protection and provide AEC indemnity in one situation in advance of the time when a reactor is ready to go into operation. It sometimes is desirable to have fuel elements fabricated in advance when the reactor is ready for fuel loading. The elements may then be shipped to the reactor owner for storage on site until needed. To cover this situation, the proposed amendments would require financial protection of \$1 million for the holder of a construction permit who is authorized to possess and store special fissionable material at the site of the nuclear reactor. AEC indemnity would also become operable at that time.

Procedures would be provided in the proposed amendments for exempting federal agencies and non-profit educational institutions from the financial protection requirements of the regulation. AEC indemnity would still be available to these agencies and institutions.

Notice of the proposed adoption of the amendments to Title 10, Code of Federal Regulations, Part 140—"Financial Protection Requirements and Indemnity Agreements"—was published in the Federal Register on May 1. Persons who wish to submit written comments or suggestions on the changes should send them before May 31 to the Atomic Energy Commission's director of licensing and regulation, Washington 25, D. C. If sufficient interest is shown, AEC will consider holding a public rulemaking hearing with respect to the sections establishing amounts of financial protection required.

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Dr. Larson Says AMA And HIA Have Only One Year To Lick Forand Legislation

Members of the medical profession and the health insurance industry have only about one year left to demonstrate that private action is preferable to government action in the field of health care for the aged. This was the prediction of Dr. Leonard W. Larson, chairman of the board of trustees of American Medical Assn., in his talk at the Tuesday session of HIA's meeting in Philadelphia. Dr. Larson's condensed speech follows.

In approaching our mutual problems, we no longer can waste time in consulting one another or berating one another. Instead, we should study those problems with the aim of discovering that opportunities they present for constructive, imaginative effort.

However, we never shall realize our full potential for that kind of effort unless we recognize two very fundamental points. The first is simply that medicine and insurance need each other. In these times of swirling social, economic and political pressures, pri-

vate medicine may stand or fall in relation to the success or failure of voluntary health insurance. By the same token, the continued existence of voluntary health insurance depends upon preservation of our system of private medical practice.

If the bell tolls for any segment of either group—through federal regulation or subsidy—it eventually will toll for all of us.

Of the various problems for which they advocate government action, the most urgent from the standpoint of medicine and insurance is health care of the aged. If we approach this problem with full realization that we are interdependent and that we exist primarily for the benefit of the people, I think we can demonstrate that private action is preferable to government action. However, we have only about one year left for that big job—a year in which we must work fast and vigorously.

As you know, the Forand bill, which was first introduced in 1957, has emerged again in the 86th Congress, with only slight modification. This legislation would provide certain hospital, surgical, nursing home and dental benefits to persons receiving social security retirement and survivorship payments. The same idea, with all kinds of variations in benefits and age of eligibility, will be appearing in many other bills and amendments to bills.

Basic Principle Involved

We must be concerned, therefore, not about the specific provisions of the Forand bill—which can be amended all over the lot—but about the basic principle involved. Any Forand-type legislation would present the same inherent danger, by adding service benefits to a social security program which so far has been limited to cash payments based on the floor-of-protection concept.

This new principle would completely alter the nature of the program. It would open the door for evolution of a system of tax-paid health care for the entire population.

Most students of the Washington scene believe, for a variety of political and economic reasons, that Forand-type legislation will not make much headway in this year's session of Congress. However, even if no serious threat arises in 1959, next year will be a different story. Nineteen-sixty will be a presidential election year, and all the boys on Capitol Hill will be trying to show what they are doing for the folks back home. Figuratively

Fireman's Fund Extends Economy Auto Plan To Six More States

Fireman's Fund is extending its "Economy Plus" auto insurance for safe drivers program into Indiana, Iowa, Minnesota, Nebraska, Wisconsin and Ohio. The program is written exclusively through Home F. & M.

"Economy Plus" auto insurance provides comprehensive \$50 and \$100 deductible collision, BI up to 100/300, PDL up to \$25,000 and family protection coverage on private passenger and utility autos not used for business. The agent completes application, rates the risk, has insured sign application, collects and remits six-month gross premium. Accepted policies are returned to agent for delivery. Commissions are remitted monthly. Premiums are billed directly to insured with copy to agent. Agent will be notified if not paid.

speaking, as they say in a baseball game with two out and men on base, "Everybody will be running."

As required reading on what we all face, I would recommend the March 30 issue of Medical Economics magazine, which contained an article entitled "How They're Planning to Put Across the Forand Bill." I won't attempt to quote the article verbatim, but here are the main points:

—Backers of the Forand bill are ready to accept compromises that will water down the bill.

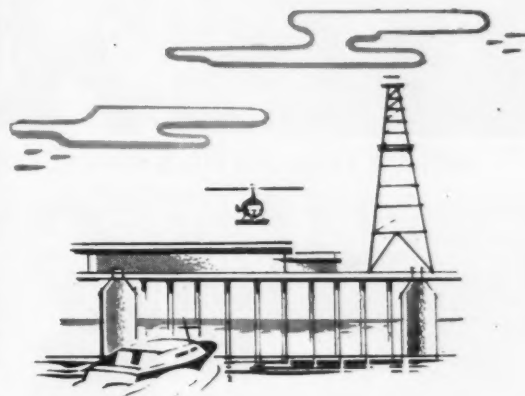
—Labor and its congressional spokes-

men are chiefly interested in establishing a precedent for government-financed health care for the aged.

—As part of their strategy, backers of the bill hope to prevent the American Medical Assn. from establishing a united front with the insurance industry, the Blue plans and the American Hospital Assn., by using the tactics of divide and conquer.

If strong opposition to the bill develops, these and possibly other politically expedient changes will be made before it reaches a final vote next year.

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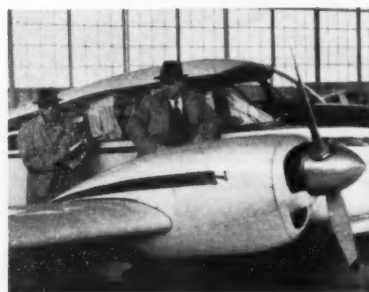
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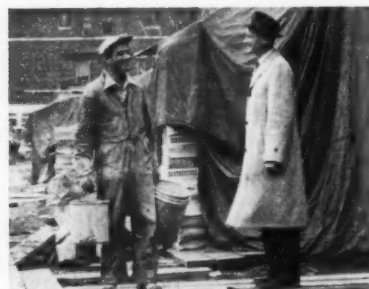
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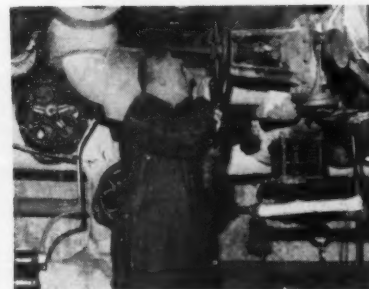
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Conventions

May 28-29, Georgia agents, annual, Biltmore Hotel, Atlanta.

June 1-2, Eastern Underwriters Assn., mid-year, Otesaga Hotel, Cooperstown.

June 5-6, Montana mutual agents, annual, Boulder.

June 5-6, Virginia agents, annual, Greenbrier, White Sulphur Springs, W. Va.

June 7-9, Georgia mutual agents, annual, King and Prince Hotel, St. Simons.

June 7-9, Tennessee and Kentucky Mutual agents (combined), annual, Andrew Jackson Hotel, Nashville.

June 8-10, Southeastern Underwriters Assn., annual, Homestead, Hot Springs, Va.

June 8-12, NAIC, annual, Statler Hotel, Boston.

June 11-13, Mississippi agents, annual, Edgewater Gulf Hotel, Edgewater Park.

June 11-13, Carolinas mutual agents, annual, Grove Park Inn, Asheville, N. C.

June 14-17, Conference of Mutual Casualty Companies, management conference, Antlers Hotel, Colorado Springs, Colorado.

June 14-18, International Assn. of A&H Underwriters, annual, French Lick-Sheraton, French Lick, Ind.

June 15-17, Michigan Capital Stock Ins. Assn., Michigan Blue Goose, Michigan Fire Prevention Assn., annual, Gratiot Inn, Port Huron, Mich.

June 15-18, National Assn. of Insurance Women, annual, Hotel Robert Meyer, Jacksonville, Fla.

June 17-18, Illinois farm agents, annual, Jefferson Hotel, Peoria.

June 17-19, Maryland agents, midyear, Commander Hotel, Ocean City.

June 17-21, National Assn. of Public Adjusters, annual, Concord Hotel, Kiamesha Lake, N. Y.

June 18-19, Delaware agents, annual, Rehoboth Beach Country Club, Rehoboth Beach.

June 18-19, Wisconsin mutual agents, annual, Schwartz Hotel, Elkhart Lake.

June 21-24, Insurance Advertising Conference, annual, Williamsburg Inn, Williamsburg, Va.

June 28-July 1, Consumer Credit Insurance Assn., annual, Desert Inn, Las Vegas.

June 30-July 2, International Assn. of Insurance Counsel, annual, Banff Springs Hotel, Banff, Alberta, Canada.

August 2-7, Honorable Order of the Blue Goose, International, annual, Statler Hotel, Los Angeles.

August 6-8, Alaska agents, annual, Ketchikan.

August 9-12, West Virginia agents, annual, Greenbrier, White Sulphur Springs.

August 13-15, Texas mutual agents, annual, Statler-Hilton Hotel, Dallas.

August 19-22, Federation of Insurance Counsel, annual, Fontainebleau Hotel, Miami Beach.

Aug. 20-22, Montana agents, annual, East Glacier Hotel, Glacier Park.

August 24-25, South Dakota agents, annual, Sheraton-Johnson Hotel, Rapid City.

Aug. 31-Sept. 2, International Federation of Commercial Travelers Insurance Organizations, annual, Broadmoor Hotel, Colorado Springs.

Sept. 9-11, Washington agents, annual, Davenport Hotel, Spokane.

Sept. 10-11, Conference of Mutual Casualty Companies, sales & agency conference, Conrad Hilton Hotel, Chicago.

Sept. 10-11, Minnesota agents, annual, Hotel Duluth, Duluth.

Sept. 12-14, Pennsylvania agents, annual, Bedford Springs Hotel, Bedford.

Sept. 13-15, Oregon agents, annual, Marion Hotel, Salem.

Sept. 13-16, Idaho agents, annual, Sun Valley Lodge, Sun Valley.

Sept. 14-15, New Jersey agents, annual, Traymore Hotel, Atlantic City.

Sept. 15-18, Mutual Loss Managers' Conference, annual, Edgewater Beach Hotel, Chicago.

Sept. 16-18, Society of CPCU, annual, Ambassador Hotel, Los Angeles.

Sept. 17-19, American Mutual Insurance Alliance Forum, Schroeder Hotel, Milwaukee.

Sept. 17-19, New Mexico agents, annual, Western Skies Hotel, Albuquerque.

Sept. 20-22, West Virginia mutual agents, annual, Daniel Boone Hotel, Charleston.

Sept. 21-23, National Assn. of Insurance Agents, annual, Conrad Hilton Hotel, Chicago.

Sept. 24-25, Oklahoma mutual agents, fall convention, Biltmore Hotel, Oklahoma City.

Sept. 27-30, International Claim Assn., annual, Americana Hotel, Miami Beach.

Sept. 28-29, New Hampshire agents, annual, Wentworth-by-the-Sea, Newcastle.

Oct. 4-5, Vermont agents, annual, Equinox, Manchester.

Oct. 4-6, Kansas agents, annual, Town House, Kansas City.

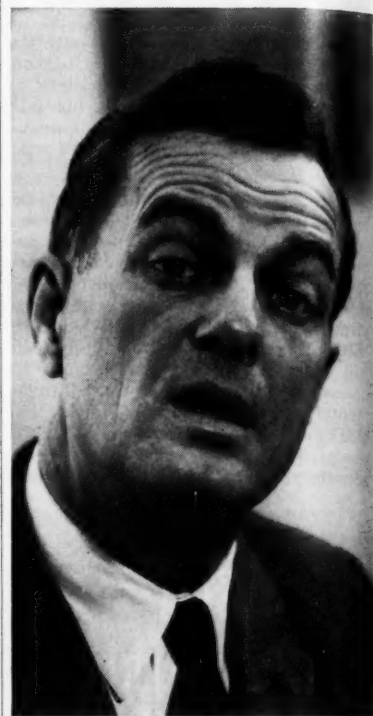
Oct. 4-7, National Assn. of Casualty & Surety Executives and National Assn. of Casualty & Surety Agents joint annual meeting, Greenbrier, White Sulphur Springs, W. Va.

Oct. 7-9, Western Loss Assn., annual, Lake Lawn Hotel, Lake Delavan, Wis.

Oct. 7-9, Wisconsin agents, annual, Schroeder Hotel, Milwaukee.

Oct. 11-13, Ohio agents, annual, Sheraton Gibson Hotel, Cincinnati.

Oct. 11-13, Tennessee agents, annual, Andrew Johnson Hotel, Knoxville.



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CONNECTICUT GENERAL

Life Insurance Company, Hartford



Sees Commission Reductions, Rating Change In Auto; Agent Likely To Get "Point" Contract For Service, Quality

Insurance marketing is subject to the same economic laws as any other business, Ivan Steiner Jr. of Wooster, president of the Ohio association, said in his talk to the annual convention in Syracuse of New York State Assn. of Insurance Agents. The functions of the entire marketing system are constantly in a state of change.

He reviewed several of these changes and then turned to the agency system. This, he said, has done an excellent job of providing protection, in the metropolitan areas and in the smaller villages and rural communities. These agents have provided protection for 80% of commercial risks and for three out of five of personal lines buyers.

The success of some merchandising methods is determined by the degree of delegation of authority. When the work to be performed is simple or the product fits a general need, an untrained person can usually do the job. Where the work is more complex or where the product requires more skill to be properly sold, a higher degree of effort and ability is called for. In addition the owner of the business must decide the percentage of his cost which should be devoted to advertising and to the cost of personal selling.

Required Creative Sales Effort

Until fairly recently the sale of almost any kind of insurance required creative sales effort—the development of a desire for the product and a persuasive presentation of the relative merits of the agent's contract to do the particular job of protection against the risk.

With financial responsibility, compulsory auto, financed automobiles and mortgaged dwellings in huge numbers, the transition from creative selling to pre-sold buying began to affect the insurance merchandising system.

There are storm clouds on the horizon, he said, mostly produced by automobile business. It has been said that the automobile is the greatest single economic and social problem ever to face any civilization. The automobile and all of its implications represent 20% of the economy. No wonder when ills overtake the automobile insurance business its impact is felt heavily by those in the agency system.

Insurance is predicated upon past experience. Thus, use of the new and untried has not been acceptable. The business operates in retrospect, not prospect.

Research Is Necessary

Adaptation is essential to survival, he declared. How can agents achieve this change? The time has come for agents to quit talking to themselves and find out what the public really expects of agents. One thing necessary is research. With all the brains and talent available in the companies and in the agency system itself, and all the know-how available from research experts, there is no time to be wasted in tackling common problems.

Much could and should be done in

the area of policy contracts and forms in marketability of product, and in public relations. Such items as continuous policies and machine or direct billing should be investigated. The public is willing to accept a little less service with its automobile insurance for a lower premium.

A new basis for auto rate making is inevitable, Mr. Steiner said. If statutory regulation and control and judicial opinion make ownership, operation and use of a motor vehicle contingent upon financial responsibility, the present rating plans and structures cannot accurately reflect a true measure of the risk.

The value of uniform rate making for automobile insurance has long since passed. The collection of statistics is a legitimate function of a bureau. But, the publication by a bureau of average rates is an invitation to

non-conformist insurers to use these figures to compute their own lower rates and gobble up the superior accident-free preferred auto risk.

Could not companies now members of the bureau devise plans whereby the combined loss experience of all members would be used as the starting point of the pure loss costs. From these figures the individual company could compute its own rates by loading the pure premium with its necessary costs of doing business. Thus each company would arrive at rates which would properly reflect its actual costs. Its rates then would support its writing of the business.

Cal. Rating Plan Is Good Step

It is refreshing to hear of the new California plan for rewarding the accident and violation free driver, he said. It represents an effort to meet the problem.

Through this, or other plans, leading agency companies must make available to agents automobile insurance for preferred risks which will not just come close to the leading direct writers but meet them.

The current crisis for independent

agents also offers opportunity, he said. He believes the agency system is sufficiently resilient, adaptable and flexible to meet these challenges.

He said it is early for the agency system to write off or abandon the mass market. There is sufficient ingenuity and adaptability in the system to make its product competitive. The marketing system will need to be overhauled in lines requiring limited creative selling. Some conceptions of the prerogatives of the agency business may have to be amended, revised or waived. Certainly the expense factor of the premium dollar is going to have to be pruned, "and with brutality." This pruning, in addition to recent reductions of the agent's share of acquisition costs, which was surgery without benefit of anesthesia, will need to include amputations of the cost of acquisition at company level and in any other area where there is any suspicion of inefficiency.

Accommodation Losses

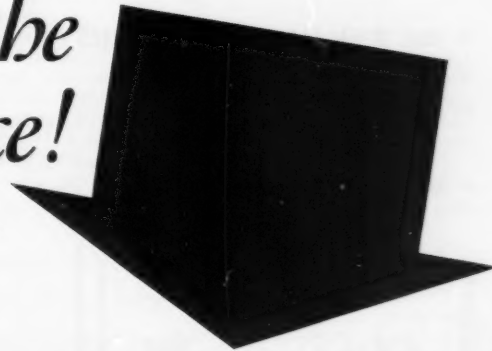
In underwriting, he said, it will be necessary, particularly in automobile, to make the accident-free risk carry

(CONTINUED ON PAGE 34)

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The Supply Department may not be considered important in a lot of firms, but at Buckeye Union we regard fast shipment of supplies as a "must"—it's a service the agent is entitled to, and we do our best to please him.

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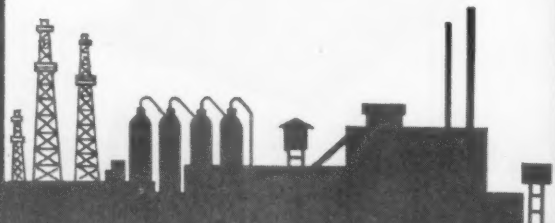
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Air Marketing Problem At Casualty Workshop

Methods of meeting direct writer-specialty company competition were discussed at the workshop on cost reduction and control conducted in New York by the research department of Assn. of Casualty & Surety Companies.

Improved company advertising and public education, increased use of market surveys to determine the needs and desires of insured, direct billing and package selling were generally favored as "competitive tools" by participants in the seminar on marketing and distribution. It was emphasized that new developments in the area of personal lines have created a need for new techniques in agency-company procedures.

The seminar program was moderated by George W. Tisdale, secretary of Commercial Union. Speaker at the luncheon was Morton V. V. White, Allentown, Pa., chairman of National Assn. of Insurance Agents' committee on federal affairs who cited the quality service of agents as an answer to competitive marketing systems.

Complete Card For Dallas Casualty-Property Confab

A number of prominent speakers will appear on the program of the biennial Casualty-Property Insurance Institute June 3-5 at Dallas. The event is co-sponsored by the Southwest chapter of CPCU and Southern Methodist University.

Wednesday Texas' one rate law and proposed flexible rating plan will be discussed by Vestal Lemmon, general manager of National Assn. of Independent Insurers; John F. Stephens, Employees Casualty, and Hollis Danvers, Houston. Trends in premium financing will be covered by John R. Coakley, Travelers; T. E. Walton, North America; W. O. Wanamaker, Topeka, and Joseph F. Trosper, Southern Methodist.

Inter-relationship of buyers, agents and companies will be discussed Thursday by D. C. Morris, buyer of Chance Vought Aircraft; Henry K. Duke, Cumberland, Md., and Paul Dow, Hartford Fire. Cullum Thompson of United Fidelity Life and Bernard Daenzer, Wohlreich & Anderson Ltd., New York, president of National Society of CPCU, will talk on general insurance and life one stop service. Harrington Putnam of American Foreign Insurance Assn. will also speak.

The auto problem will be reviewed Friday by Francis Michaels, State Farm Mutual Auto; Malcolm R. Smith, American, and Carrie E. Welch, Dallas. A. H. Parsons Jr., Dallas, will speak on the proposed merit rating plan in Texas, and nuclear energy pools will be covered by Francis X. Boylan and H. Sumner Stanley of Nuclear Energy Liability Insurance Assn.

Combined Premiums Are Up

Premium volume of companies in the Combined group recorded increases ranging from 22.7% to 93.1% in the first three months of 1959 over the comparable quarter last year.

Combined of Chicago wrote net premiums of \$5,659,594, representing a gain of 35.7%. A gain of 93.1% was chalked up by Combined American, which had a premium volume of \$958,236 for an increase of 22.7%, and First National Casualty of Fond du Lac had first quarter premium writings of \$331,067, up 30.4%.

Auto Merit Plan Approved In Fla.

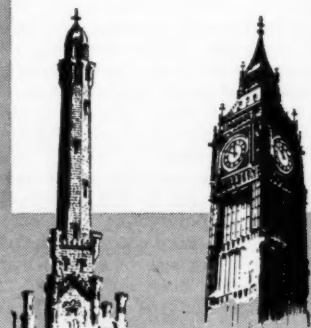
Commissioner Larson of Florida has approved the automobile merit rating plan of National Casualty of Detroit, effective June 1. For the first year of coverage, the rating system goes back as far as four years—taking into account the accident history, arrests, insurance records and the driving experience, habits and attitudes of all drivers of the car. Vehicles operated by drivers who have at least three to four years' experience and an accident and arrest-free record can be initially insured at reductions up to 30%.

In other cases on renewal, if no claim is incurred, insured gets a lower premium each year until the 30% saving from the average premium is reached. Adverse experience will be penalized. A wide range of actual premiums makes it feasible to avoid charging the safe driving policyholder for the accidents of poor drivers. Drivers under 25 can qualify and the company is encouraging its agents to make sales to this market.

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Field

Kansas Field Men Hear Winter, Elect Jaeger President

Herman P. Winter, vice-president of America Fore Loyalty group and vice-president of Western Underwriters Assn., was speaker at the annual meeting of Kansas Capital Stock Insurance Association at Excelsior Springs, Mo. Fifty members attended both morning and afternoon business sessions.

The new president of the field organization is Deane S. Jaeger, Springfield F.&M. Max L. Redelfs, Home, is vice-president, and Lloyd L. Cole, Hanover, was elected secretary-treasurer. Jack A. Hill, St. Paul F.&M., was named general chairman of the public relations committee.

St. Louis Pond Elects J. E. LaPeire MLG

John E. LaPeire, Phoenix of Hartford, was elected most loyal gander of St. Louis Blue Goose at the annual meeting and initiation May 11. He succeeds George A. Allen of Western Adjustment, who led the pond through one of its most successful years.

Other officers elected are: Supervisor, Marvin H. Sehnert, American; custodian, Archie R. Pentland, Missouri Audit Bureau; guardian, Oscar W. Schowalter, New York Underwriters; keeper, L. R. Arbuckle, Underwriters Adjusting, and welder, Joseph F. Lisy, Home.

Messrs. LaPeire and Lisy were named delegates to the 1959 Grand Nest in Los Angeles.

A class of 18 goslings took their first swim and a combination 25-year and PMLG pin was presented to Robert M. Ginsburne, Home, who was most loyal gander in 1946-47.

Two Hartford Fire Special Agents Retire In Midwest

Two special agents in Hartford Fire's western department, Harry B. Potts of Cape Girardeau, Mo., and Frank A. Peterson of Grand Rapids, have retired.

Mr. Potts had been special agent for the farm department covering southeastern Missouri for many years. Mr. Peterson joined the company in 1921 and had been special agent in Michigan since that time.

Eyermann In Mo. And Ill. For Atlas-Royal Ex-Sun.

Peter S. Eyermann has been appointed state agent in eastern Missouri and southern Illinois for Atlas-Royal Exchange-Sun groups. He succeeds James Martin, who is scheduled for a promotion to the home office.

Mr. Eyermann, a graduate of Vanderbilt University, started in insurance as a broker in St. Louis. He has had company field experience in Missouri, Illinois and Indiana. He will maintain headquarters at Clayton.

Aetna Fire Transfers One, Names Two Special Agents

Aetna Fire has named Richard A. Anderson and John P. North special agents at Hartford. Robert F. Hallquist

succeeds Mr. Anderson as special agent at Delmar, N. Y.

Mr. Anderson joined the company in 1951. He performed underwriting duties in the home office marine department before going to Delmar. Mr. Hallquist and Mr. North are recent graduates of the company's multiple line training school.

Three Field Changes Are Made By St. Paul F.&M.

St. Paul F.&M. has made three field appointments:

J. L. Riegel, special agent at Denver, has moved to Grand Junction.

Benjamin Blesi has been assigned as special agent in northern Michigan, as assistant to State Agent G. F. Goltermann, with headquarters at Detroit.

Gerald Parker is assigned as special agent in Florida under Manager A. D. Brown, with headquarters in Tampa.

Cooley In Va. For Fund

Harvey R. Cooley has been appointed fidelity, surety and burglary special agent in Virginia for Fireman's Fund replacing James F. Morano who has gone with another company. Mr. Cooley will have headquarters in Richmond.

Sykes Transfers To Tex.

W. R. Sykes, special agent for Trinity Universal at Oklahoma City, has gone in that capacity to Wichita Falls, Tex. He began in insurance in 1950, joining Trinity Universal in 1956.

NFPA Presents Fire Oscar To Hartford Fire Chief

National Fire Protection Assn. has presented the Sparky award, the "Oscar" of fire prevention, to Henry G. Thomas, recently retired chief of the Hartford fire department. The award for outstanding contributions to the fire service was presented at a testimonial dinner at Hartford, honoring Chief Thomas on his retirement. He is now a consultant with National Board and president of NFPA.

Kemper Training Program Is Established In East

An eastern branch of mutual insurance institute of the Kemper companies has been set up at Summit, N.J., under Harris G. Haviland, director of education of the eastern department.

A three-week course in fire, casualty and marine insurance will be given for agency representatives of the Kemper group. The class is being established to provide the classroom training prerequisite for agents' license examinations in New York and New Jersey.

Va. WC Rates Down

Virginia has approved an average 4% reduction in workmen's compensation rates, effective July 1. The rate revision includes an average 5.3% rate decrease for employees in manufacturing, 3% for those in contracting, and 3.8% for other classifications. Rates were reduced in 600 job classifications, increased in 37, and left unchanged in 28.

Boston Appoints Keegan

Boston has appointed Thomas R. Keegan marine manager in Chicago. He began in the business in 1934 in New York.

A & S

Continental Casualty Opens New Unit For Over 65 Coverage

Continental Casualty has opened a new A&S division, headed by George F. McDonnell, to be known as "Independent Plans Division." It will handle the 65-plus hospital surgical policy for senior citizens. Vice-President Walter M. Foody was named executive officer of the new division.

The 65-plus plan was opened for enrollment May 10 in Indiana, Illinois and Wisconsin as well as in 13 metropolitan areas where it has not been offered before—Boston, Denver, Detroit, Kansas Cities, Louisville, Minneapolis-St. Paul, Portland, Providence, St. Louis, Seattle-Tacoma, Worcester, Washington, and Baltimore.

Mr. McDonnell has been superintendent of Continental's commercial division. He joined the company in 1950. In 1952 he became supervisor of the credit A&S section and was sales manager of special risks and branch administration before being named superintendent of the commercial division in 1957.

Cal. Medical Assn. Seeks Fee Hike For WC Services

California Medical Assn. has presented demands to California Industrial Accident Commission for higher fees covering services in workmen's compensation cases.

Actuaries for the insurers appearing before the commission stated that the doctors' demands would mean a rate increase over-all of 3%.

Fee changes asked by the medical group include:

First visits—at office from \$5 to \$7; at home, \$7 to \$8; hospital, from \$6 to \$7. Subsequent visits, office, from \$3.25 to \$4; home, from \$5 to \$7; hospital, from \$3.50 to \$4. Also a change from \$10 to \$12.50 assisting at operation for the first half hour or fraction thereof.

The doctors base their demands on increased costs of living since the last fee schedule was adopted, and other expenses.

Howard Hassard, attorney for CMA, said: "Doctors also should share by a higher standard of living in the increased national productivity—just like the auto workers."

"If the doctor is adequately paid he will give better care to the patient and the injured worker will be back on the job sooner."

Notes Two A&H Areas With Real Potential

"The public's disability income needs go crying while agents sit around and grouse about lacking prospects," according to Bruce Gifford, managing director International Assn. of A&H Underwriters.

In an address delivered before the annual Michigan A&H Assn. sales congress in East Lansing, Mr. Gifford said that two areas offer real potential. One of these consists of the thousands of small investment clubs which have been organized throughout the country. The perceptive agent has a qualified prospect when he approaches such a club. Either on an individual or a small group basis, each member is a good prospect for disability income

insurance to cover the amount of his monthly allotments to the investment group.

The other area is the use of disability income for a college fund, much as life insurance is used. The head of a family may have provided for every contingency but the loss of income during the period when he will be called upon to pay tuition, books, room and board, or fraternity and sorority costs. A list of prospects is available from any college registrar.

Other uses of A&S in the clean-up fund and for mortgage insurance make it the most "under-sold" major coverage in the country, Mr. Gifford said. The industry is working on ways to curb ever-rising costs of medical care. Unionization of hospital employees has already added materially to costs in California. In New York, where organization activity is going on, costs are expected to rise and current strikes are expected to focus public attention on the issue. In both these areas, hospital costs may be doubled in the next few years.

Fees That Traffic Can Bear Finished: Reeder

The practice of physicians charging what the traffic will bear is finished, Dr. Clifton L. Reeder, vice-president and medical director Continental Assurance, told members of Los Angeles Group Managers Assn. "The time has come for physicians to establish a realistic set of fees regardless of the existence of a third party payor," he declared.

"Whether we realize it or not, the financial aspects of the practice of medicine are changing," said Dr. Reeder. "A third party—the insurance company—has entered and now has a direct interest in the medical services rendered and the cost of those services."

Dr. Reeder asked whether "Physicians wish to have disturbed the traditional doctor-patient relationship? Third party financing of medical care necessarily forces that third party to question fees for which they are liable if those fees unduly exceed the average for the service."

He said "the alternatives to voluntarily financing medical care is socialization of medicine by the government or through health centers set up and controlled by unions and business. Those of us who want to maintain the current high quality of medical care want none of the alternatives."

More and more physicians are displaying signs inviting their patients to discuss fees with them, said Dr. Reeder. He suggested that "whenever possible, that is, if other than an emergency, these fees be discussed prior to receiving the doctor's services."

Twin City A&H Assn. Names Thompson To Head

Clifford L. Thompson, assistant vice-president Lutheran Brotherhood of Minneapolis, has been elected president of Twin City Life, Accident-Health Claim Assn. Others elected are Norman A. Meyer, St. Paul Hospital & Casualty, vice-president; Maurice Battin, Ministers Life and Casualty, secretary, and E. A. Benedun, Continental Casualty, treasurer.

Mutual Of Omaha Names Eichler

Bernard H. Eichler has been named director of field operations for the sales division of Mutual Benefit H.&A. He has been assistant manager of the New York City agency and eastern regional sales director.

Says Agents' Association Is Best Way To Combat United Company Adversaries

A large delegation of more than 400, on hand for the annual convention of Louisiana Assn. of Insurance Agents at Edgewater Park, Miss., heard a fighting talk by I. A. Rosenbaum, president of Mississippi association, in which he advocated strong state associations as the most effective counter to concerted company action.

Philip Jacobs, Alexandria, was

elected president to succeed A. L. Schlesinger Jr., New Orleans. Felix L. Aucoin Jr., Vacherie, was named vice-president, and Thomas Q. Winkler, New Orleans, secretary-treasurer. Harold A. Boling, Lake Charles, was renamed state national director.

In 1958, Mississippi Assn. of Insurance Agents put \$16 in commissions per 1,000 of premium sales in the

pockets of its members by defeating or deferring the bureau's "joint program for revising the production cost, acquisition cost, expense and allowance portion in the automobile rating formula," Mr. Rosenbaum said in his talk.

Some critics feel that the Mississippi group by its blocking action rendered a disservice to agents and to the insuring public. Others have held that the group is hobbling the companies' in their effort to maintain a fair share of the mass market. These critics maintain that commissions

would not necessarily be cut immediately if the formula were changed, Mr. Rosenbaum said.

In Mississippi in 1957, he continued, the bureau companies wrote only 38% of the auto liability premiums, but more than 70% of all liability premiums was written at their rates. He thinks that much of the commission cut program is like treating a brain tumor with aspirin rather than by competent surgery. The "tumor" started growing shortly after the war when the companies went on a rampage for premium volume, paying the full acquisition allowance to every roadside agent, regardless of volume, loss ratio, or even the amount of work performed. The needed surgery might best be performed by having those companies which wildly increased commissions on this basis re-evaluate both their book and their plant and take action where specific action is indicated.

As to the argument that commissions would not be cut immediately with a changed rating formula, Mr. Rosenbaum observed that in every state where the new formula has been adopted, commission reduction on a mass basis began within 90 days. As to the argument of narrowing the price differential enjoyed by direct writers he knows of no area where Allstate or State Farm has failed to maintain it.

Mr. Rosenbaum explained how he arrived at the \$16 figure. Out of each \$1,000 of premium volume, 40% or \$400 is automobile premium. An average 20% commission is \$80. The proposed five point cut is exactly 20% of the present factor, and 20% of \$80 is \$16.

Mr. Rosenbaum cited other achievements of his association. Last year the high salaried controller of the Mississippi Federated Cooperatives applied for a solicitor's license. The Mississippi association filed a protest with the commissioner, a public hearing was held, and the applicant was not licensed. More important, a set of rules was enacted to govern the licensing of solicitors.

Analyzes Company Motives

Mr. Rosenbaum said that he has been complaining for years about the lack of research in the business. The introduction and subsequent withdrawal of ill founded "giveaway coverage programs" has been most embarrassing. He has it on good authority that the lack of research is no accident.

He has also been told that the consistent refusal of companies to participate in a common advertising program

(CONTINUED ON PAGE 35)



Lifesaving course for Larry!

■ Believe it or not, this is a high school classroom. The subject—*Driver Education*. The instructor—an English teacher with special driver education training.

He's teaching Larry more than the mere mechanics of driving. Larry is learning the proper *mental* attitude necessary for *safe* driving. When the course is completed, Larry's chances for survival as a driver will have actually *doubled*!

In an age when one out of every four fatal auto accidents involves a youthful driver, you would think such a proven, successful program would receive wide acclaim. After all, far more of our youngsters are crippled and killed by auto accidents than by polio, for instance. Yet a majority of communities are still without high school *Driver Education*.

As an insurance man and civic-minded citizen, you can make a real contribution to the youth of our country by calling attention to the success of Driver Education. Make sure your school board, school officials, PTA and local Safety Council get the facts. Use your influence with key citizens to bring Driver Education to *your* high school.

We'll help by sending you the fact-filled folder entitled—"*Teach Them To Drive... and Survive!*" Write tonight, won't you? It can be a matter of life or death for many youngsters in your community.



ALLSTATE
INSURANCE COMPANIES
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*Allstate Life Insurance Co. is wholly owned by Allstate Insurance Co. Home Offices: Skokie, Ill.

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EXCESS BROKERS

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26 Court St., Brooklyn, N. Y.

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Personal Attention for Your Problems

Gives Contractors Pointers For Good Insurance Program

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Enumerates Important Points

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4. Maintain bodily injury and property damage limits at a level high enough to protect but not so high as to invite unconscionable litigation.
5. Avoid signing "hold harmless" or other contractual agreements that go beyond obligation to recognize own, employee's or agent's negligent acts.
6. Remember care, custody and control premises exclusions unless endorsed.
7. Remember XC&U exclusions un-

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Royal Palm Club, honor club of agents of American F. & C. met in Orlando. Walter L. Hays, president of the company, complimented club members on writing 40% of the company's \$11 million in premiums last year.

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9. Allow a margin on each job for prompt cooperation and compliance with engineering recommendations. The ultimate insurance economy is achieved only by reducing risks.

10. Select broker or agent as if selecting a doctor, enabling him to have the same opportunity to do an effective counseling job.

Ladd Says Public Call For One Stop Selling Is Hogwash

The one-stop insurance man can be all things to all people if he is properly equipped and properly staffed, Merlin J. Ladd of Boston, president of National Assn. of Insurance Brokers, declared in a panel discussion at a meeting of the Boston chapter of Society of CPCU. However, there are three parties to be considered in evaluating the

merits of the one-stop selling idea. First is the public. The idea that it demands one stop selling is pure hogwash. It did not demand supermarkets, either. But it recognized a good thing and that's why supermarkets have been successful. For the same reason, the effective one-stop insurance man is and will be successful.

The second party to be considered is the broker, Mr. Ladd continued. The broker makes more money through one-stop selling. This is good for his policyholders because the broker can

(CONTINUED ON PAGE 26)



"Valuable Asset" in Action

Scene: Conference room, Egbert F. Ashley Company, prominent Rochester, New York, insurance agency. "Valuable asset": Allan Fischer (center rear), Manager, Casualty and Property Underwriting Department, Standard Accident, Buffalo Branch. Action: Fischer reviewing for Ashley Agency principals (Charles E. Miller, vice president, left rear; E. Ashley Palmer, assistant vice president, right rear and, seated left to right, Herbert J. Hoeffel, president, Frank E. Donnelly, II, secretary-treasurer, Byron B. Perry, Jr., vice president) the details of two exhaustive surveys he recently made involving some highly unusual coverages. In both instances considerable new business resulted . . . in one case a new \$10,000 premium was written . . . and substantial increases on existing coverages were requested by the assureds.

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SYMBOL OF SERVICE FOR 75 YEARS

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Says Agents' Association Is Best Way To Combat United Company Adversaries

A large delegation of more than 400, on hand for the annual convention of Louisiana Assn. of Insurance Agents at Edgewater Park, Miss., heard a fighting talk by I. A. Rosenbaum, president of Mississippi association, in which he advocated strong state associations as the most effective counter to concerted company action.

Philip Jacobs, Alexandria, was

elected president to succeed A. L. Schlesinger Jr., New Orleans. Felix L. Aucoin Jr., Vacherie, was named vice-president, and Thomas Q. Winkler, New Orleans, secretary-treasurer. Harold A. Boling, Lake Charles, was renamed state national director.

In 1958, Mississippi Assn. of Insurance Agents put \$16 in commissions per 1,000 of premium sales in the

pockets of its members by defeating or deferring the bureau's "joint program for revising the production cost, acquisition cost, expense and allowance portion in the automobile rating formula," Mr. Rosenbaum said in his talk.

Some critics feel that the Mississippi group by its blocking action rendered a disservice to agents and to the insuring public. Others have held that the group is hobbling the companies' in their effort to maintain a fair share of the mass market. These critics maintain that commissions

would not necessarily be cut immediately if the formula were changed, Mr. Rosenbaum said.

In Mississippi in 1957, he continued, the bureau companies wrote only 38% of the auto liability premiums, but more than 70% of all liability premiums was written at their rates. He thinks that much of the commission cut program is like treating a brain tumor with aspirin rather than by competent surgery. The "tumor" started growing shortly after the war when the companies went on a rampage for premium volume, paying the full acquisition allowance to every roadside agent, regardless of volume, loss ratio, or even the amount of work performed. The needed surgery might best be performed by having those companies which wildly increased commissions on this basis re-evaluate both their book and their plant and take action where specific action is indicated.

As to the argument that commissions would not be cut immediately with a changed rating formula, Mr. Rosenbaum observed that in every state where the new formula has been adopted, commission reduction on a mass basis began within 90 days. As to the argument of narrowing the price differential enjoyed by direct writers he knows of no area where Allstate or State Farm has failed to maintain it.

Mr. Rosenbaum explained how he arrived at the \$16 figure. Out of each \$1,000 of premium volume, 40% or \$400 is automobile premium. An average 20% commission is \$80. The proposed five point cut is exactly 20% of the present factor, and 20% of \$80 is \$16.

Mr. Rosenbaum cited other achievements of his association. Last year the high salaried controller of the Mississippi Federated Cooperatives applied for a solicitor's license. The Mississippi association filed a protest with the commissioner, a public hearing was held, and the applicant was not licensed. More important, a set of rules was enacted to govern the licensing of solicitors.

Analyzes Company Motives

Mr. Rosenbaum said that he has been complaining for years about the lack of research in the business. The introduction and subsequent withdrawal of ill founded "giveaway coverage programs" has been most embarrassing. He has it on good authority that the lack of research is no accident.

He has also been told that the consistent refusal of companies to participate in a common advertising program

(CONTINUED ON PAGE 35)



Lifesaving course for Larry!

■ Believe it or not, this is a high school classroom. The subject—*Driver Education*. The instructor—an English teacher with special driver education training.

He's teaching Larry more than the mere mechanics of driving. Larry is learning the proper *mental* attitude necessary for *safe* driving. When the course is completed, Larry's chances for survival as a driver will have actually *doubled*!

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Editorial Comment

Insurance In West Germany

The story of West Germany's remarkable industrial recovery has been well documented in this country's press. It is a story of grim determination overcoming near-insurmountable odds occasioned by the devastation of the war and the currency reform of 1948.

But little seems to have been said regarding the invaluable assistance that country's insurance industry provided in bringing about the recovery. That, too, is a story well worth hearing.

Just such an opportunity is afforded by a recent issue of the Review, published in London, which reprints a speech delivered before the Insurance Institute of London by Erich Gruse, automobile, accident and third party liability secretary for Gerling Group (Cologne). Rather formidably entitled "Some Aspects of Insurance in Germany Since the Monetary Reform of 1948," it clearly outlines the function of insurance in the recovery.

In June of 1948, Mr. Gruse said, the German insurance market faced the following situation: All assets in the Eastern Zone were lost; all loans of the German government had no further value; nearly all real estate was bombed, or, if not, became burdened with compensation claims, and cash in banks and at hand was devalued.

Nevertheless, within 11 years, the insurance industry and the new currency had brought about reconstruction and stabilization to an amazing degree. German insurers gave to industry the possibility to start and to work in a quiet, sure way. And this despite the fact that the recovery of the insurance market itself went very slowly.

Fire and life insurance were first written as the primary requirement was personal security in such troubled times. The continuity of industrial enterprises was then assured by writing all forms of fire and liability. Insurance also made possible the restoration of capital reserves which had

all but fallen completely. In the very few cases where reserves were still available, insurance helped maintain them so that the money could be used for productive purposes.

Apart from these points, Mr. Gruse also pointed out the advantageous psychological aspects of insurance which gave a "feeling of security and lent wings to the enterprising spirit and responsibility of daring managers."

Insurance men everywhere, we think, can justifiably feel pride at the fine job their industry has done in helping make West Germany a strong, healthy asset to the free world.—R.R.C.

Personals

Andrew J. Polarek, assistant manager in the western department at Chicago of Pacific National, and Mrs. Polarek are parents of their fourth child, a girl, Ruth Ann.

Harry O. Culp, veteran agent at Grand Ledge, Mich., was honored by the local business men's association with a plaque testifying to his activities in behalf of the children of the community. He has been the official Santa Claus of Grand Ledge for 30 years.

F. R. Wills, president of Stuyvesant; **M. G. Olson**, executive vice-president of Stuyvesant and **A. J. Helmick**, Chicago, manager of the reinsurance department of Stuyvesant, sailed May 22, on the S.S. United States for London on a combined business and pleasure trip.

Deaths

RAYMOND J. HAAS, 46, manager of Congressional Ins. Co. of Washington, D.C., died of cancer in Georgetown University Hospital. In 1938 he joined the insurer, which is an affiliate of Steuart Motor Car Co. and Steuart Bros. Real Estate Co.

SIDNEY H. GEORGE, 74, for many years assistant manager of Railway Underwriters of Chicago until his retirement in 1955, died of a heart attack at Rye Beach, N. H. Mr. George, a graduate of Massachusetts Institute of Technology, was with the Milwaukee Railroad as an engineer and helped build the line through the Bitter Root Mountains of Montana before joining Railway Underwriters in 1924. He was made assistant manager in 1929.

WALTER J. COUSINS, 51, St. Louis manager of American Casualty, died at Deaconess Hospital. He had been in St. Louis since January.

Mrs. THERESA JULIAN EBELHARDT, 26, wife of J. Robert Ebelhardt, Rocky Mountain manager of The National Underwriter Co., died suddenly, apparently of a heart attack, at her home in Denver last week. Mr. Ebelhardt was in Albuquerque on a business trip at the time. A native of Winooski, Vt., Mrs. Ebelhardt met her

husband while she was serving with the women's air force in Germany and lived with him in Covington, Ky., before the family moved to Denver early in 1958. The Ebelhardts have two daughters, Mary Paula, 2½, and Patricia Carol, eight months.

THOMAS A. PETTIGREW, 72, retired chairman of Underwriters Adjusting, died at Miami, Fla. With the company since it was formed in 1918, he was its first adjuster and before that was an independent adjuster at Streator, Ill. He became general adjuster of Underwriters Adjusting in 1922, assistant manager a year later and general manager in 1929. He was named president in 1930 and chairman in 1953, from which post he retired in 1956 and moved to Miami where he had maintained a home for several years.

HENRY C. YOUNG, 70, local agent at Washington, died of a heart attack. He had been in the business 55 years. A director of D. C. Assn. of Insurance Agents and National Assn. of Surety Bond Producers, he maintained homes in Washington and West Palm Beach, Fla.

CARL F. WEISS, 57, surety superintendent of Aetna Casualty at New Orleans, died after a brief illness.

Brokers Meet, Eye Various Problems

NEW YORK—Directors of National Assn. of Insurance Brokers at their annual meeting here reelected Merlin J. Ladd of Boston president and Ira S. Brander of Los Angeles and Frank E. Mueller Jr. of Chicago vice-presidents. John T. Harrison Jr. of New York was elected treasurer. Barclay Shaw was reelected secretary.

New directors are Fred T. Clifton of San Francisco and John S. Grasty and David H. Winton of New York. The new governing committee is composed of the officers and Isaac H. Curtiss of Chicago, Freeman I. Davison Jr. of Boston, Harry W. Healey of San Francisco, Melvin A. Holmes and G. Edward Nichols of New York. Vincent Nuccio of Los Angeles, and Clyde H. Scott of St. Louis.

Directors approved the report of a special committee, which highly praised the automobile merit rating plan for Texas, expected to go into effect shortly. The report noted that many features of the California auto rating plan which were objectionable to the public and brokers have been eliminated from the Texas program. The report praised Texas board of insurance for holding hearings and getting views of producers on the plan before announcing its details.

Directors of NAIB adopted a resolution urging Congress to pass the Keogh-Simpson bill giving tax credits for self employed in the creation of pension plans. The directors praised the all-industry program for dealing with the uninsured motorist problem.

Directors placed the association on record as favoring, in the rating of package policies, "sound and reasonably controlled, yet not unnecessarily rigid, procedures so as to encourage progress in the development of new forms of coverage." This view will be relayed to commissioners at their Boston meeting.

Brokers also discussed the Senate investigation of the insurance business, expense and commission problems, and attempts to have commissions regulated by law.

The NATIONAL UNDERWRITER



The National
Weekly Newspaper of
Fire and Casualty Insurance

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CINCINNATI 2, OHIO—420 E. Fourth St., Tel. Parkway 1-2140. Chas. P. Woods, Sales Director. George C. Roeding, Associate Manager. Arthur W. Riggs, Statistician.

CLEVELAND 14, OHIO—1367 E. 6th St., Lincoln Bldg., Rm. 208, CH 1-3396. Paul Blesi, Resident Manager.

DALLAS 1, TEXAS—328 Interurban Bldg., Tel. Riverside 7-1127. Alfred E. Cadis, Southwestern Manager.

DENVER 2, COLO.—234 Commonwealth Bldg., Tel. Amherst 6-2725. J. Robert Ebelhardt, Rocky Mountain Manager.

DES MOINES 9, IOWA—327 Insurance Exchange Bldg., Tel. Atlantic 2-5966. David Chapman, Resident Manager.

DETROIT 26, MICH.—613 Lafayette Bldg., Tel. Woodward 5-2305. William J. Gessing, Manager for Indiana and Michigan.

INDIANAPOLIS 20, IND.—5634 N. Rural St., Tel. Clifford 3-2276. William J. Gessing, Manager for Indiana and Michigan.

MINNEAPOLIS 2, MINN.—1038 Northwestern Bank Bldg., Tel. Federal 2-5417. Howard J. Meyer, Northwestern Manager.

NEW YORK 38, N. Y.—17 John St., Room 1401, Tel. Beekman 3-3958. J. T. Curtin and Clarence W. Hammel, New York Managers.

PHILADELPHIA 9, PA.—123 S. Broad St., Room 1027, Tel. Pennypacker 5-3706. Robert I. Zoll, Middle Atlantic Manager.

ST. LOUIS 2, MO.—221 Pierce Bldg., Tel. Chestnut 1-1634. Geo. E. Wohlgenuth, Resident Manager.

SAN FRANCISCO 4, CAL.—582 Market St., Tel. Exbrook 2-3054. Robert L. McMullen, Pacific Coast Manager.

CHANGE OF ADDRESS

Be sure to enclose mailing wrapper with new address. Allow three weeks for completion of the change. Send to subscription office, 430 E. Fourth St., Cincinnati 2, Ohio.

Agent Wills His Auto Insured Extra Dividend

Automobile policyholders of James J. Vos, who died recently after having been an agent at Zeeland, Mich., since 1920, were rewarded in novel fashion in Mr. Vos' will.

Insured who had automobile insurance with Mr. Vos for 10 years or more were given \$25 plus \$10 for each additional car currently on the books.

Those with an auto policy for less than 10 years were given \$10.

In a letter to the policyholders, the administrator of Mr. Vos' estate explained: "It is his way of showing appreciation for the business you have given him and the consequent livelihood it provided him."

Mr. Vos was an agent for Citizens Mutual of Howell, Mich. His agency has been taken over by the Wolbrink agency of Holland.

Ill. A&H Men Elect Eyre President At Peoria Sales Rally

By RICHARD G. EBEL

The turnout for the annual sales congress of Illinois Assn. of A&H Underwriters at Peoria, though numerically somewhat short of spectacular, was nevertheless enthusiastic, possibly warming up for the host role next year when the international association holds its annual conclave in Chicago.

William H. Eyre, Illinois Mutual L&C., Peoria, who for several years has been secretary-treasurer, was advanced to president, succeeding John E. Sonin, Life of North America, Chicago. S. B. Stottrup, Mutual Benefit H&A., Decatur, and Jack Olson, Combined, Chicago, were named vice-presidents, and Martin Hauelsen, Washington National, Chicago, is the new secretary-treasurer.

Gail L. Shoup, Lincoln National, Grand Rapids, president of International Assn. of A&H Underwriters, opened the meeting by extending a welcome from IAAHU.

Insurance legislation was reviewed by Vaughn Woodruff, senior technical adviser of the Illinois department, who was the luncheon speaker. Mr. Woodruff prefaced his remarks with some observations on the O'Mahoney investigation into state regulation. "O'Mahoney will make the Armstrong investigation look like a Sunday school picnic," he warned. At the outset, the state insurance departments had hoped the investigation would be a fair one, but it seems the probers are singling out only the most objective practices of state regulation and ignoring its assets.

Insurers Not Too Concerned

Insurance companies do not seem to be too concerned about the fate of state regulation, he remarked.

Turning to legislation in the Illinois assembly, Mr. Woodruff discussed three key bills that have been introduced by the department. One is the model credit A&S bill, and "unless it is passed, it will be clear that Illinois is not regulating insurance successfully," he said. The other bills would give the commissioner power to enjoin companies using unfair methods of competition and would speed up proceedings for liquidating insolvent companies.

The tenor of the current assembly is to be tough on insurers, he observed. "I think it would be fair to say that the insurance companies are the favorite whipping boys of members of the assembly at this time."

Bruce Gifford, managing director of IAAHU, warned that Illinois legisla-

(CONTINUED ON PAGE 39)

Robert Davidson Succeeds Cobb As Ark. Agents' Chief

HOT SPRINGS—Robert Davidson, Jonesboro, was named president to succeed W. G. Cobb, Little Rock, as Arkansas Assn. of Insurance Agents held its annual convention here last week. The agents elected P. Gaylon Brown, Fort Smith, winner in 1956 of the Allan Kennedy memorial award for outstanding service to the agency system, as vice-president.

List Reelected Officers

Other officers all reelected, were: W. D. Cotton, Little Rock, secretary-treasurer; C. C. Mitchener, Marianna, secretary emeritus, and Lawrence Derby, Warren, state national director. The retiring president, W. G. Cobb, became chairman of the executive committee. All officers will assume their new offices Sept. 1.

A large attendance of nearly 425 heard the association reaffirm a statement of principles on the commission question, adopted by its executive committee Sept. 10, 1958. Declaring that companies, in the past few years, have looked to unilateral reduction of commissions to compensate for losses on certain classes of business and for inadequate return on invested capital, this resolution urged companies "to consider other means of economy, including but not limited to the following: (1) Reduction in expenses controlled by home offices (i.e., home office expense, branch office expense), and (2) a review of agency contracts and compensation in the light of services rendered by the particular agency."

Laud Fire Prevention Assn.

In other actions, the agents praised the work of Arkansas Fire Prevention Assn. for its continued achievement in promoting fire safety and pledged continued cooperation and participation "in these statewide, all-industry, public service activities."

Commissioner Harvey G. Combs and his department drew commendation "for a continued, fine administration of the state's insurance laws to the end that the interest of the public is being fully and effectively served" and also for sponsorship of the successful recodification of Arkansas' insurance laws.

Louis R. Rosen, Little Rock, past president and local agent member on the five-man commission which drafted the new insurance code, received the Allan Kennedy memorial award, given each year to an agent or local board for the most distinguished and outstanding service to the agency system and the insurance industry. In the absence of Mr. Rosen, who is presently in Europe, the award on his behalf

(CONTINUED ON PAGE 32)



BACK TO HEALTH

In the practice of medicine today, the physician, surgeon and dentist must be prepared for stunning loss and expense due to claims as a result of malpractice or mistakes committed in caring for the health of any patient.

National attention has recently been focused on this problem; you'll find the professional man more than ever acutely aware of his need for protection. And malpractice coverage is a "must" for X-ray technicians, optometrists, physiotherapists, radiologists, beauty parlor operators. For the up-to-date story, call Geo. F. Brown & Sons, Inc.

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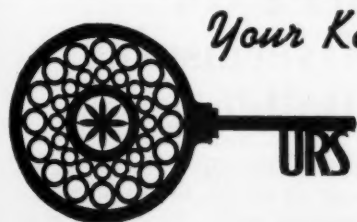
GEMINI... MAY 21 - JUNE 20

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Advance Officers Of Indiana Ins. Group

William P. Cooling has been elected to succeed his father, Parke A. Cooling, as president of Indiana, Consolidated and Cooling-Grumme-Mumford Co. general agency. The father becomes board chairman of the three companies.

Parke A. Cooling bought and reorganized the Indiana in 1922. The younger Cooling joined the company following his graduation from DePauw University in 1936, and previously

served as secretary.

John T. Hume Jr., vice-president and superintendent of claims, was named secretary to succeed Cooling. Charles E. Mohr was promoted from assistant secretary to vice-president in charge of auto and casualty underwriting, and Walter H. Voorhies was advanced from assistant treasurer to treasurer.

California Casualty Indemnity Exchange, has elected Henry E. North Jr., president Arcadia Metal Products, to its advisory board.

Hartford Fire Appoints In Southern Office

Hartford Fire has promoted A. S. Wright Jr. to assistant fire manager of the southern department at Atlanta. William G. Payne succeeds him as fire agency superintendent of that department. Robert H. Dickert has been named superintendent of fire and allied claims, and J. T. Sampson will assist Manley Stockton, assistant manager in charge of the automobile department there.

Mr. Wright joined the company in

1938 as a special agent, prior to which he was an engineer with Southeastern Underwriters Assn. He was named agency superintendent in 1949.

Mr. Payne joined the company in 1945 and was staff adjuster and special agent at Charlotte, N. C. He was transferred to Albany, Ga. as special agent in 1954. Mr. Dickert was manager of General Adjustment Bureau's Wilmington, N. C., and Columbus, Ga., offices before joining Hartford Fire. Mr. Sampson was a special agent for the company at Tampa seven years.

No. Cal. Surety Assn. Marks Its 50th Year

Members of Surety Underwriters Assn. of Northern California observed the organization's 50th anniversary with a dinner at California Gold Club. The affair was attended by a number of past presidents, bankers, credit men and attorneys, including E. W. Roland, one of the original founders, who was the guest of honor. Speaker was Ransom M. Cook, senior vice-president of American Trust Co. and president of California Bankers Assn. Sheridan J. McCarthy, American Fore group, president, presided over the festivities.

Liberty Mutual's Crash Safe Car At Smithsonian

Liberty Mutual has presented to the Smithsonian Institute an experimental automobile designed to protect drivers and passengers from crash injuries. The company sponsored the research and development of the car in cooperation with Cornell Aeronautical Laboratory.

At a luncheon following the presentation, S. Bruce Black, president of Liberty Mutual, said that the company undertook the project in order to apply its long experience in industrial loss control techniques to the design of a crash safe car. These techniques have cut machine accident injuries to a small fraction of former frequencies.

The car, which represents a breakthrough on conventional thinking on the over-all problem of auto accidents, is on display at the Arts & Industry Building of the Smithsonian.

N. Y. Buyers Hear Gallagher

Edward P. Gallagher, executive vice-president and general counsel of American States, was speaker at the semi-annual dinner meeting of American Society of Insurance Management at New York. Mr. Gallagher, who is also president of Insurance Institute of Indiana, spoke on "A National Dose of Dual Morality," and described the variations between public attitudes toward insurance and other areas of life.

Client Saved 64% On Overinsured Building*

Find out about types of appraisals you may need and how they are arranged from the informative booklet "The Purposes of Appraisals" which is yours for the asking. Write Marshall and Stevens, 420 Lexington Ave., Dept. 239, New York 17, New York.

*Actual Case History on File.



A bunch of the boys were whooping it up in the Malamute saloon;
The kid that handles the music-box was hitting a jag-time tune.
Back of the bar, in a solo game, sat Dangerous Dan McGrew,
And watching his luck was his light-o'-love, the lady that's known as Lou.

Now Dan was a-winnin' and Lou was a-grinnin', but that kid was layin' his plans;
While he tickled the keys that night of the freeze, Lou's furs were itchin' his hands!
The tempo grew, the air was blue, the night got colder and colder;
It was after one, and her furs were gone, when Lou yelled, "I've got a cold shoulder."

Up jumped McGrew, with his gun in view, a lethal looking six-shooter;
"I'll get him," Dan swore as he went for the door after the jag-time fur looter.
"Dan, let him go," cried Lady Lou. "If he's killed, you'll swing from a tree.
I'm covered for all the furs and more with insurance from G.F.&C!"



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Minn. Labor Leaders Blast Failure To Boost WC Benefits

ST PAUL.—In a lengthy statement sent to newspapers of the state, Minnesota AFL-CIO blasts the conservatives in the legislature for their failure to increase workmen's compensation insurance benefits and suggests employers launch a state fund in Minnesota for compensation insurance.

"The people of Minnesota have good reason to be disgusted with the conduct of the conservative majority of the senate and a number of large corporations which apparently dominate the Minnesota Employers Assn.," the statement says. "In workmen's compensation, the house passed a bill which increased weekly benefits, increased payments in fatal cases, and made certain other changes which would have improved to a small degree the unfortunate lot of the 15,000 Minnesota employees who are disabled every year from work injuries. This bill was killed by the senate labor committee, with the result that employers will be favored this year with a 7½% premium reduction and none of these savings will be passed on to the injured workers and their dependents."

Then, after naming about half a dozen Minnesota companies for their anti-labor policies, the statement says: "We strongly suggest to these firms that they espouse a state fund in Minnesota for workmen's compensation so that the 40 cents of every premium dollar paid for workmen's compensation can go to the injured workers instead of the insurance carrier."

Insurer Loses Breach Of Policy Case In Minn.

ST PAUL.—State Farm Mutual Auto has lost a breach of policy case in the Minnesota supreme court. Joseph Juvland brought suit to recover for injuries suffered by his daughter in a collision with a truck owned by Charles Plaisance who was riding with his 14-year-old son. Plaisance first said he was driving but after talking to his parish priest he disclosed that the boy was driving.

State Farm claimed Plaisance's action constituted breach of the "co-operation clause" of his policy and the lower court upheld this position and absolved the insurer of liability. The supreme court reversed this view.

Five IMIB Rules Amended

Inland Marine Insurance Bureau has amended rules affecting five classifications. The furriers block has been amended to permit the issuance of an annual policy to insured with two or more locations. Permission has been granted for the waiver of coinsurance with respect to coverage on property outside of insured's premises in custody of insured or salesman. The rate for this coverage with coinsurance waived will be \$2.50 per \$100. This filing is now applicable in all jurisdictions in which the bureau is licensed except Hawaii, Illinois, Louisiana, New Jersey, New Mexico, New York and Wyoming.

The floor plan merchandise filing has been amended to permit automatic coverage at new locations not exceeding \$50,000 or 25% of the casualty limit, whichever is less. Insured is required to report such new locations within 30 days from the date liability attaches. A new location is described as one at which no property was at risk during the month for

which the last report was made.

Another filing withdraws the specific jewelry and fur policies, in view of the fact that companies generally have been using the personal articles floater rather than the specific policies. The privilege of omitting the address of insured from policies covering jewelry and furs has been withdrawn.

The two foregoing filings are effective in the same jurisdictions as the furriers block filing and New Jersey. All, including the furriers filing, are effective June 1.

The camera rules have been amended to define risks to which commercial rates apply as those written for account of insured engaged in any branch of photography for remuneration. This is effective May 1, in the same jurisdictions as the furriers filing.

The deferred premium payment plan has been amended to make clear that term discounts applicable to minimum premiums will also apply under the plan. This is effective May 1, in the same jurisdictions as the furriers block filing except Arkansas, Kansas, Kentucky, Wisconsin, North Carolina and Ohio.

Western Casualty Has Big Premium Gain

Sharp increase in premiums written by Western Casualty and its affiliate, Western Fire, in the first quarter of 1959 over a year ago resulted in part from the cyclical renewal of term business and rate increases on certain lines principally auto. The effect of these factors is expected to taper to modest proportions by summer, R. B. Duboc, chairman, said. Net premiums written in the quarter totaled \$12,012,792, against \$9,342,404 a year ago, a gain of 28.6%.

The net operating loss for the three months was \$133,295 compared with a gain of \$420,686 a year ago. On an adjusted basis, however, after giving effect to change in equity in the unearned premium reserve, net income for the quarter was \$322,860, equal to 65 cents a share against \$360,467, or 72 cents, a year ago.

The company sold 100,000 shares of stock for \$4,550,000, receiving the proceeds March 31. On the basis of the 600,000 shares outstanding March 31 the adjusted per share earnings amounted to 54 cents.

Grant Chicago Manager Of Jones & Whitlock

Jones & Whitlock has appointed Harry A. Grant Jr. resident vice-president and manager at Chicago. He was previously with Boston as marine and inland marine manager of the western department.

Mr. Grant began his career in 1929 as special agent of R. A. Fulton & Co. of New York and joined Automobile as inland marine underwriter in 1931. In 1940 he became marine superintendent of Aetna Fire, a position he held until 1951 when he joined Boston.

Two Lansing, Mich., agencies have been merged under the name **Munyon, Birney, Roth**. Walter Munyon has operated an agency since 1946 when he severed his connection with Wolverine of which he had been executive vice-president and general manager. For two years James W. Birney has been connected with his agency. The Munyon organization is being consolidated with the agency of Leigh Roth, who has been active in the agency field for some 30 years.

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Personalities In The Camera Eye At Assn. Of Casualty & Surety Companies, National Bureau Meetings In New York



J. Harry Bibby of U.S.F.&G., chairman American Insurance Assn.; Arthur F. Blum, Queens, new president New York State Assn. of Insurance Agents; W. E. McKell, chairman and president American Surety and past president Assn. of Casualty & Surety Companies, and Manning W. Heard of Hartford Accident, also a past president at the association's luncheon.

A. E. Fox of the Assn. of Casualty & Surety Companies' staff; Mrs. Sara Senderoff, secretary to Mr. Dorsett, and J. Dewey Dorsett, manager of the association, at the annual luncheon.



Thomas O. Carlson, actuary, and James B. Donovan, general counsel of National Bureau, and Ray Murphy, retired general counsel of Assn. of Casualty & Surety Companies, and William Leslie, retired general manager of the bureau, at the annual meetings of the two organizations in New York.

Bruce Shepherd, manager Life Insurance Assn. of America, Graham Russell of Royal-Globe, and Fred W. Westervelt of National Board, at the National Bureau-Assn. of Casualty & Surety Companies' luncheon.



Stanley C. Morris Sr. of Charleston, W. Va., Francis Van Orman of American, and Stanley C. Morris Jr. of Washington, D. C. The Morrisises are with the law firm of Steptoe & Johnson.



A. C. Seymour of Royal-Globe, president National Automobile Underwriters Assn.; L. C. Vincent, manager of National Board; Arthur L. Polley of Hartford Fire, president Eastern Underwriters Assn. and Warren Gaffney manager Surety Assn. of America, at the head table during the annual luncheon of Assn. of Casualty & Surety Companies and National Bureau.

William T. Harper, chairman and president of Maryland Casualty, and retiring president of Assn. of Casualty & Surety Companies, at the meeting in New York with, right, Charles J. Haugh, vice-president of Travelers, and the new association president. In the center is Mrs. June O'Connor of National Bureau.



Ivan H. Peterman, manager of the Insurance Information Service of Pennsylvania; Erwin Luecke of America Fore Loyalty group, Harold Phillips of Assn. of Casualty & Surety Companies, Paul B. Cullen of Aetna Life group, and E. B. Gill of Glens Falls, at the National Bureau and association meeting in New York.

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Clarke Smith, U. S. manager of Royal-Globe and past president Assn. of Casualty & Surety Companies; William Leslie Jr., manager National Bureau; and Paul J. Molnar, deputy New Jersey commissioner, at the head table during the bureau and association's annual luncheon.



Reed M. Chambers of U.S. Aviation Underwriters, Harry Legg of Commerce & Industry Assn., and George Schepens, manager of the New York Assigned Risk Plan, at bureau association reception.



Organization managers: Harry F. Perlet, Multi-Peril Insurance Conference, and F. W. Doremus, Eastern Underwriters Assn., at the annual parleys in New York of National Bureau and Assn. of Casualty & Surety Companies.

National Union Appoints Elmore Ala. State Agent

National Union has appointed Roy G. Elmore state agent for Alabama. He had previously been state agent of Bankers F. & M. in Birmingham.

Assn. of Casualty & Surety Companies has elected Midland Casualty a member. The association now has 131 members.

Good First Quarter For Employers Re

Net premiums written by Employers Reinsurance in the first quarter of 1959 were 13.4% greater than a year ago, and slightly larger underwriting and investment earnings were reported.

Fire produced a substantial increase in volume and in the casualty lines A&S writings were well ahead of year ago. Total premiums were \$7,040,571, compared with \$6,209,695.

Frank P. Proper, president, reported that many treaty accounts are doing better this year than in 1958 and that the year will show "improved results despite the fact that motor car lines continue to present very difficult problems for the fire and casualty companies." Rate increases are "inuring to the benefit of Employers Reinsurance and there is every reason to forecast that the good 1958 results will be duplicated and may even be improved."

Fund Transfers Cornelius To Sales Post At Chicago

Jack Cornelius, casualty superintendent at Minneapolis, has been transferred to Chicago to head a new A&S sales operations of Fireman's Fund. He joined the company in 1948 and was at Chicago prior to his Minneapolis assignment in 1954.

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do some checking before renewing or buying additional insurance.

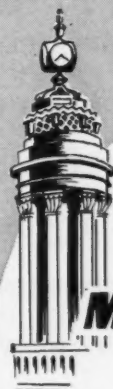
We hold that direct mail with the professional stamp is the answer to many of the independent agent's selling problems. You'll find a representative showing of it in Grain Dealers' 1959 mail promotion kit. Our special agents want to show it to you; better yet, how to put it to work where your sales potential is best. *Let us know where you are—when we can call.*

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Says Call For One Stop Selling Is Hogwash

(CONTINUED FROM PAGE 19)

provide additional service.

Finally companies must be taken into account. The broker owes his companies integrity and profit. He does not owe them all lines or one class of business to back up another class which, as a result of the company's underwriting or too broad forms or inadequate rates, has become unprofitable. Mr. Ladd maintained that the broker's obligation is to provide insured with the best coverage. Com-

panies which attempt to force brokers to place all classes of business with them are therefore in effect helping to break down the broker's function and the ideals of the agency system.

Taking issue with Mr. Ladd, James R. McPherson, of the Nickerson-McPherson agency, Beverly, stated that the average insurance man had all he could do to master fire and casualty or life without attempting to learn the ramifications of all lines. The pub-

lic will be ill-served by one-stop selling if it is performed by the average one-man agency, he contended. If the business develops in such a way that producers specialize in either personal lines or commercial lines it might be more feasible for the personal lines salesman to handle fire, casualty and life. The average producer will do both himself and the public a disservice by spreading himself too thin.

Speaking from the life viewpoint John T. Meehan, manager of Mutual of New York, pointed out that life men who attempt to become one-stop

salesmen face many difficulties. There is the problem of accounts receivable. The life man relies on his company to collect his premiums. The policyholder pays because he knows if he doesn't the policy will be lapsed. The life man who handles general insurance soon finds that his policyholders do not pay him the way they pay his life company. He finds it requires capital to carry his accounts receivable.

The second problem encountered in placing business, Mr. Meehan noted. Out of the first 80 automobile orders the life man gets he may have 40 turned down. He may even have fire lines declined in the present market.

One More Problem Outlined

Another problem of the life man is converting himself from a salesman into an administrator. If he develops much general insurance business, he soon finds that he has so much detail that he has to hire one or more employees, Mr. Meehan declared. This creates the problem of a manager or administrator, and the life man finds that his overhead outruns his income until he has produced a substantial amount of general insurance. As a solution for the life man who wants to provide his clients with general insurance service, Mr. Meehan suggested a loose affiliation of a life producer—a creative salesman—with a general lines agent—a good detail man.

Samuel O. Penni, of Truman Hayes & Co., speaking from his past experience as a direct-writing salesman and as a life underwriter, and his present experience as a one-stop agent and broker said that one-stop selling is the solution for the good insurance man. One of the problems of the life business is keeping the salesmen in operation. Some 90% of life salesmen drop out of the business in the first five years. They do so because they do not make enough money. One of the reasons is because they do not develop enough prospects. By combining life with general insurance, the salesman automatically increases his income.

Panel Conclusion

The panel discussion was summarized by the moderator, John Adam Jr., vice-president of Central Mutual, who pointed out that the panelists had reached agreement on two points. One was that there was no public demand for one-stop selling, but those who were able to practice it would have a service which would be more attractive to their policyholders and prospects. The other conclusion was that one-stop selling was a good merchandising device from the agent's or broker's viewpoint but such selling by an agency company, if carried to its logical conclusion, would eventually ruin the agency system. If an agency company insisted that its producers give it all lines, the producer would have little opportunity to exercise his ability to buy insurance for his clients to the latter's best advantage.

The panel was unable to agree that the one-man agency was here to stay.

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FIREMEN'S INSURANCE COMPANY OF NEWARK, N. J.....	Est. 1855
NIAGARA FIRE INSURANCE COMPANY.....	Est. 1850
THE FIDELITY AND CASUALTY COMPANY OF NEW YORK.....	Est. 1875
NATIONAL-BEN FRANKLIN INSURANCE COMPANY.....	Est. 1866
COMMERCIAL INSURANCE COMPANY OF NEWARK, N. J.....	Est. 1909
THE METROPOLITAN CASUALTY INSURANCE COMPANY OF N. Y....	Est. 1874
MILWAUKEE INSURANCE COMPANY.....	Est. 1852
ROYAL GENERAL INSURANCE COMPANY OF CANADA.....	Est. 1906
THE YORKSHIRE INSURANCE COMPANY OF NEW YORK.....	Est. 1926
SEABOARD FIRE & MARINE INSURANCE COMPANY.....	Est. 1929

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A Safe Driving Plan for America

A plan for creating a new means of achieving safety on the highways, developed by William P. Henderson, is presented in this and four succeeding issues of THE NATIONAL UNDERWRITER. Mr. Henderson is president of Henderson Tire Co. of Detroit. He has become familiar to insurance men as the author of a number of articles on auto styling as it relates to insurance rating and losses. His plan for safe driving is not necessarily endorsed by THE NATIONAL UNDERWRITER, but is presented as an original means of attacking this important problem. The series began in the April 3 issue.

All insurance companies spend a great deal of money in an effort to improve the driving behavior of the general public. Some of the more aggressive auto insurers emphasize that they are interested in insuring only careful drivers or good drivers. Justification for such expenditures is that it makes for risk selection and that is the basis for an insurance company's success. It is a competitive method to attain a desired goal of low loss expense which cannot be criticized. The error in this thinking is at present it is impossible to select safe drivers. Undisputed facts have proven you cannot depend on the driver's own opinion of himself. Personal investigation of the applicant or prompt cancellation after the first accident in which he appears to be negligent is the best means to date.

These methods fall far short of the desired goal. In addition, the insurance industry as a whole has an obligation to insure all licensed drivers. Failing to do this at fair and reasonable rates only invites government intervention.

Cancellations on any basis, justified or not, has brought on assigned risk pools. All companies lose money on them. They are a small but increasing number and to the forward thinking it is a matter of concern.

As the cost of insurance increases, fewer people buy protection. On any occasion that a non-insured has an accident in which he is negligent and cannot pay, it becomes an outstanding event. The higher the cost of insurance the greater the number of these events. This has brought government into the insurance business in such forms as financial responsibility laws. They are not wholly adequate. A final resort is compulsory insurance. Once government has a finger in insurance control the costs go up again.

The rating of drivers by the licensing departments of the states in a positive manner to meet present day safe driving requirements should be staunchly supported. It makes it possible for insurance companies to make rates for various drivers commensurate with the risk. It would apply using existing rate structures as a base. **Permits to use the public highways** would become part of the insurance application and a permanent part of each insurance record.

Green card permits would get a 15% reduction, amber cards pay existing rates and red card holders pay a 15% plus premium. After a few years of experience, this percentage could be soundly established and would probably have greater variations. This interferes in no way with the present rating methods or existing rates. It superimposes on top of them a differential as experience dictates by the individual underwriter.

It would establish risk selection on a

sound basis never before possible. It could eliminate the need for assigned risk pools and other state regulations.

We now have two powerful reasons for every individual to improve his driving skill, to be a more careful, more safe driver. First, he would be rewarded or restricted in his driving speed according to his skill; second, he would be rewarded or penalized in annual insurance cost. These sums would vary from \$20 to \$80 in different areas. Where more than one driver of a car was involved having different ratings, insurance costs would be averaged.

While this is desirable for the insurance business it has many advantages for the insured. For example, in a high cost insurance area the few good drivers would enjoy a lower cost and the greater number of poor drivers would rightfully pay a greater cost. It is the last group that causes the high cost area.

The two powerful incentives for better highway performance would have the greatest effect on the few million marginal drivers who have more frequent driving failures. The individuals who make up this group must be pointed out in a forceful manner that will make them seek driving improvement.

The incentives, the rewards, and restrictions will reach the vast majority of average drivers on an individual basis. A new degree of highway awareness and driver responsibility is the traffic expert's dream that will pay rich dividends in accident reduction.

The next installment of the safe driver plan will take up the importance of national uniformity.

Discusses FTC Activities In A&S Advertising Field

Cecil C. Fraizer, former insurance director of Nebraska, discussed Federal Trade Commission's recent activities in A&S advertising and their implications at the May meeting of Surety Underwriters Assn. of New York City. Mr. Fraizer is now special staff counsel of Health Insurance Assn. and has his own law practice in Lincoln.

He urged that supervision and regulation of insurance should remain with the states. The integrity of the business, plus the time-tested methods of state regulation, have proved that the system is adequate, he said.

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15% DEVIATION
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Rochester 4, N.Y.
Special Agent
WILLIAM D. WILLIAMS

Report Large Gains In Midwest PR Program

(CONTINUED FROM PAGE 8)

writers Assn., which joined in the sponsorship of Illinois Insurance Speakers Bureau and which is co-operating in the establishment of speakers bureaus in Indiana and Wisconsin. By the end of May more than 300 speeches will have been given by the Illinois bureau, about half of them on auto.

Other projects conducted in conjunction with WUA were preparation of a policy kit for use at the annual seminar at the University of Wisconsin by the National Assn. of Bank Auditors & Comptrollers, a public relations kit for local boards belonging to Illinois Assn. of Insurance Agents and placement of the "John Happy Family" television series on a North Dakota station. Additionally, Chicago TV station WTTW has agreed to make time available at no cost beginning in September for a series of 13 half hour shows, based on the "John Happy Family" material.

The local board public relations kit proved to be a practical way to encourage public relations activity at the local level. The kit included six suggested news releases covering such topics as traffic safety, automobile insurance and rates, the services of the independent agent and of the insurance business generally. There also were planned safety campaigns, television materials and a bibliography and samples of other communications and sales aids available to agents. The purpose of the kit was to aid the local agents to increase sales as well as dramatize service.

Material on compulsory automobile liability insurance and other legislative proposals was prepared for distribution through agents associations, chambers of commerce and other interested organizations.

Traffic safety articles were prepared and made available to company house

organs through the Industrial Editors Conference of Chicago. Written material and organizational assistance was provided for high school career conferences.

Accident prevention activity in addition to news releases included help in preparing publicity for sessions of the National Safety Congress, a regional meeting of the President's Committee for Traffic Safety and the "Slow Down and Live" campaign, and preparation of the material on insurance for a series of Youth Safety Conferences.

Ray L. Walker, U.S.F.&G. is chairman of the midwestern public relations advisory committee.

Point System Devised For "Mr. Mutual Agent" Contest

A special committee of National Assn. of Mutual Insurance Agents, headed by Earl F. Heffley, director of public relations of Lumbermens Mutual Casualty, has devised a point system for selecting "Mr. Mutual Agent of 1959"—the winner of the association's annual public relations contest. Four others awards will also be given in the competition, which is conducted to increase member activity in the field of public relations.

Cincinnati Casualty Men Name O'Connor President

J. W. O'Connor, Hartford Accident, is the new president of Assn. of Casualty & Surety Managers of Cincinnati, succeeding W. L. White, Standard Accident. Mr. O'Connor will serve with H. G. Hammer, U.S.F.&G., vice-president, and G. P. Emerick, Fidelity & Deposit, secretary.

Mr. White was named to a two year term on the executive committee and R. E. Sewell, Royal-Globe, to a one year term.

Bank Holdups Decline

According to the insurance and protective committee of American Bankers Assn., bank holdups are decreasing rather than increasing as recent widespread publicity would indicate. During the first half of the association year which ended Feb. 28, there were 142 bank holdups, compared with 145 during the comparable six months a year ago, and loot decreased from \$836,901 to \$734,748.

The association believes that the decrease shows evidence of better planned protection on the part of banks. During the period, 35 holdup attacks were frustrated by banks, compared with 19 in the first half of the previous year. California leads with 28 holdups and a loss of \$92,117, but New York leads in total loss with \$125,629 from 19 holdups, during the six months.

There were 35 bank burglaries during the six months with losses of \$106,667 plus 40 attempted burglaries. There were 45 defalcation losses of \$10,000 or more. This was the same number as reported during the comparable period a year ago but total losses totaled \$1 million more.

Gwinn Names Micetich

Louis Micetich has been named manager of the casualty and auto department of Homer Gwinn & Co. agency of Chicago. He was formerly with Aetna Casualty and Youngberg-Carlson agency there.

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(CONTINUED FROM PAGE 10)

should at all times exercise the utmost good faith with his companies.

Mr. Myers also said the producers should be very meticulous in explaining the standard or specific insurance exclusions and should, above all, be honest about the limitations of the insurance business. No embarrassment need be felt about the failure of the business to provide such cover as flood or against war and atomic explosion, if explanation of these limitations is sound.

Says No Need For Excuses

"Nor need we make excuses for increase in premiums which are justified by losses. It will be obvious to any thinking person that the insurance companies cannot long continue in business by liquidating their surpluses." The client is owed an explanation, however, of the causes of high loss costs and their effect upon premiums. The client should also be told about the services of the insurance companies and their associations in reducing and preventing losses through safety and fire protection.

Mr. Myers came out strongly about not being willing to acknowledge that producers must individually or collectively insure every risk of every client who presents requests for insurance coverage. The life insurance industry has always reserved the right to reject an individual who cannot meet certain medical or other standards, said he.

"In the fire and casualty business we have given in to social pressures in two notable fields, workmen's compensation, and auto liability by our assigned risk plans. The latter, especially, has caused a heavy loss to the insurance industry. Obviously these plans are now an important part of the insurance industry's public relations program. Nevertheless, is it not reasonable to expect that some risks may be so severe as not to be insurable? Is it not possible that the integrity of some insurers may be so poor that we should refuse to do business with them?"

Sees Dual Responsibility

A discussion of the responsibilities of an insurance producer to his client becomes "completely academic if the price of insurance which he sells is more than the client is willing to pay," Mr. Myers declared. It seems reasonable, therefore, to assume that the insurance producer has a responsibility both to his client and to the insurance industry for the price of his product. This includes loss prevention and claim handling activity and any other elements which enter into the loss costs, "but it should also include the overhead and acquisition costs in the insurance premium."

Discussing the school of thought that a professional insurance man should be able to purchase insurance protection from the companies at cost and add to this a fee commensurate with the service he provides the client, Mr. Myers strongly opposed this plan and believes it will never gain substantial support, "provided the independent insurance producers are adequately but not excessively reimbursed for the responsibilities and services which they assume and perform."

He said commissions have generally been negotiated with considerable freedom, yet some scales are completely illogical in view of the attempt by insurance producers to function professionally. On most fire lines no con-

sideration whatever seems to be given to the amount of service required by the agent. On association business where usually only one policy is involved, the rate of commission is identical for small risks and large, he pointed out. "Yet every producer will recognize that there is relatively little difference in service cost. State countersignature laws operate to the distinct disadvantage in many cases of producers who are endeavoring to adequately serve their clients. Rates of commissions on schools, churches and some commercial buildings seem to be geared solely to the desirability of the business. If a company can pay from 35 to 40% commission on a certain class of business, aren't the rates too high?"

The inequities in commission scales are directly chargeable in some cases to unrealistic rates and rating procedures, Mr. Myers continued. The independent producer in many cases finds his product too non-responsive to loss trends to meet the competition

of specialty companies. "I believe that most producers would prefer to be fairly competitive on all lines and all classes than to be extremely competitive on a few lines until rates catch up with the losses and at the same time be completely non-competitive on other lines. The most effective discharge of a producer's responsibilities to his client can be accomplished if he is in a position to handle all lines of insurance, year after year; and to accomplish this, equitable rates and premiums become extremely important."

Should Explain Rate Making

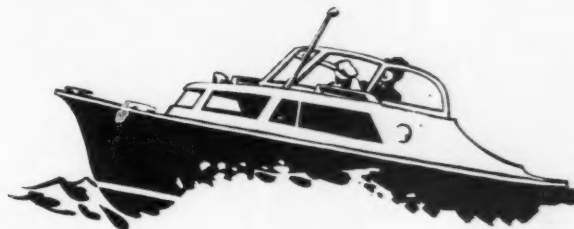
The producer has an obligation to explain to his client how rates are made and he most certainly has an obligation to complain if they are not just and equitable, Mr. Myers stated. He pointed to the revolutionary changes in auto insurance rating and said none was "so promising as the new California plan which allows credit for safe driving experience and provides

penalties for poor experience." He advocated informing clients immediately of the details of the new California plan and said if the plan or one like it is approved in Illinois in just three years, then the driving experience during the next three years "becomes critically important for each of our clients."

"Regardless of any arguments the insurance industry may have against such a plan, the principle will be favored by nine auto owners out of 10. Of the dozens of persons who have asked me why auto rates are not predicated on the accident record of the individual, I do not believe that a single one has accepted the sincere excuses I have given them as to why such a plan will not work."

The bureau companies and old line companies holding to bureau rates are rapidly becoming a dumping ground for auto risks which the deviating companies or specialty companies either will not accept or have cancelled off, he declared. Assuming that distinction can be made between the careful driver and the careless driver and then to charge both the same premium "is socialistic and certainly not

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in accordance with sound rating theory," he said. "I believe that the California method of judging drivers on the basis of number of chargeable accidents and the number of moving traffic violations within a given period of time is a sound one and I hope that the plan comes to Illinois at an early date!"

Important To Producer

Turning to reduction in overhead cost by direct billing, continuous policies, package policies, machine operations, etc., he said the subject is of

vital importance to the producer because the fields in which most can be accomplished are those same fields where a very substantial amount of insurance has been lost to direct writers or specialty companies. "If the producer is standing in way of progress in this matter, he should take a second look at his position," he declared. "He should realize that his responsibility to his client can be adequately discharged by periodic phone calls or personal visits to discuss the over-all insurance program at a time not related to expiration dates and

that continuous policies and automatic billing will actually make his efforts more effective."

Opposition to these changes because of possible loss of ownership of expirations and loss of contact with the client is not self-interest, but pure selfishness, he averred. The agent whose services are of so little value to his client that he worries about such loss deserves to lose the client. . .

"With the facilities now available for the fire and casualty producers to handle life insurance, there is no reason why a personal insurance business

cannot be a lucrative one if sold on an account basis. There is no reason why the insurance industry should not adopt department store billing and payment plans, if by this means it can provide the professional insurance service to which the public is entitled."

Another responsibility of the producer is to take an active interest in legislative matters, the speaker said. "He must promote higher standards for agents' licensing laws and to back up this position he must promote educational facilities for insurance producers. He must oppose compulsory auto insurance and every other legislative proposal which tends to promote socialism and the ultimate liquidation of the insurance industry. At the same time he must urge governmental bodies to accept their full responsibility in the fields of highway safety, loss prevention, safe driving and other fields which are logically a function of government. He must face realistically and not in view of his own selfish interests the ultimate effect of the countersignature laws upon the insurance producers' service to the public."

Make Services Valuable

Mr. Myers concluded on the note that the producer who wants an adequate income and satisfaction of a job well done can accomplish both by making his services so valuable to the client that the client is not willing to have anyone else handle his insurance needs.

At the banquet, Mr. Whitford discussed "The Climate of Achievement." He covered the waterfront on this score in relation to self-analysis of problems of the business and how to do something about bettering conditions. He said it is first necessary to take a fresh and honest view of past mistakes in order to be ready for a new prescription which will "take us to a different climate—that of achievement."

First of all, it is necessary to understand the real implication of change and this has not been done. Even revolutionary changes in a remote field are only of mild interest if the profound interdependency of today's economy is not understood, he said. While everyone is willing to listen to rumors in the insurance business, a great part of the time the more important ultimate effects on "our own operation are generally overlooked."

Paying High Price

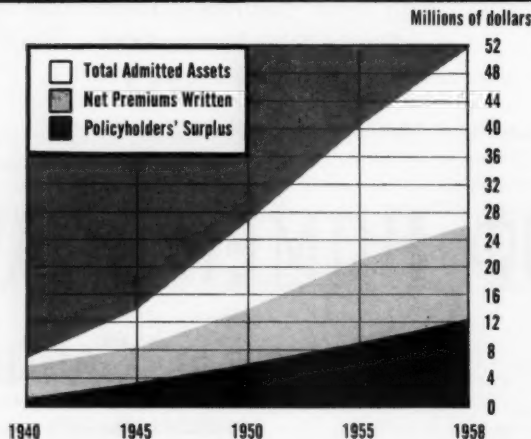
"We have been paying a high price for our indifference to the significance of change. Among companies, some have ignored basic population trends and have suddenly found themselves with a large bloc of business in a few crowded eastern cities. Among agents and brokers, some have ignored changing neighborhoods and have awakened one day to find their book of business confined largely to old and deteriorating property. Some agents have ignored the merger trend throughout business society and have found, to their chagrin, that too many eggs were in one basket, and that a once prosperous account was gone forever."

Mr. Whitford added that the history of package policies is but another example of indifference to change. Only a handful of companies, and a handful of agents, were excited about this new product from the beginning. Inertia and lack of enthusiasm among a larger group of companies and agents retarded for some time the sale of this policy, he said. In the beginning of multiple line legislation it should have



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Participants at the morning session of Chicago I-Day, from left, Henry Gund, president A. F. Shaw & Co. and chairman of the morning session; Clarence R. Rauter, assistant manager Multi-Peril Insurance Conference; Gerald E. Meyers, W. A. Alexander & Co., and Clarence R. Conklin of the law firm of Heineke, Conklin & Schraeder.

been obvious that a package policy would be developed and would have wide public appeal.

Also, "If more of us had taken time 10 years ago to study the shift that was taking place in the distribution of income and had pondered the effect on our business of the population explosion, we might not get so red in the face when we look at those who have really made hay in a whole new market," he declared. "Most of us took refuge in a variety of rationalizations. Some said that even though Competitor A has done well in the automobile business, he will never, never enter the fire market, or the commercial field. Others have been contending for several years that Competitor B has now reached the saturation point, and there is no further room for growth."

Research Has Been Neglected

Mr. Whitford's second point was that independent research has been neglected. The insurance industry has not understood or made use of the many new techniques that have been providing real help to other businesses, he said. "We are paying a heavy price for believing that this tool is only for the chemical manufacturer, the electronics industry or the oil company."

He quoted some of the remarks made at a meeting by A. Leslie Leonard, dean school of insurance, Insurance Society of New York, who said that in the insurance business, research of a broad, general, objective nature has just not occurred and suggested that "expediency" has been the common denominator of most insurance research accomplished to date.

Mr. Whitford further remarked on Dean Leonard's talk in which he said results of the insurance business ignoring the tool of research are: "A large part of our business is always on the defensive ... from attacks by plaintiffs attorneys, the daily press, by legislators, by the public, by corporate insurance buyers. It accounts in a large part for the increasing extent to which government is getting into the insurance business by the spread of compulsory insurance and similar ideas, and it accounts in part for contract coverages being offered and then withdrawn, for property and liability losses inadequately insured or insured at a rate difficult to justify."

As his third major point, Mr. Whitford said, "We have tolerated waste and red tape and submitted ourselves and the buyer to a heavy dose of bureaucracy" and added that a lot of wasteful practices in the business are hard to see. "Clothed in tradition and custom, our practices and methods are never stripped down for close exami-

nation. There have been a number of economies but they are 'gnats'. Many agents still represent 15 or 20 companies to handle \$75-100,000 in premiums. Many companies have never analyzed real profit by size of agent. Many agents complain that they can never get out of the office and yet they have not analyzed their work pattern to make better, more productive use of their time. Many companies have never made a true analysis of the territorial potential measured against expense in order to reduce field costs. Very few have been able to face up to a whole group of unnecessary expenses geared to the premise that our system of selling personal insurance shall never change."

He suggested a number of things which he believed could and must be done if achievements are to be made—in terms of good management, increased profits, and an increasing share of the market: Do away with name-calling; intermural squabbling is rocking the boat. Have an open mind. "The next time you are tempted to say 'prove it' to a new idea, instead of throwing the burden of proof back and forth on a question that can't be proved one way or another in advance, how much more intelligent it would be for both sides to say, 'we don't know how the plan will work until we try it,' and then decide as a practical matter whether or not the plan deserves a trial."

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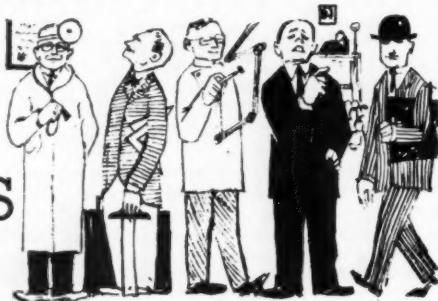
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Robert Davidson To Head Arkansas Agents

(CONTINUED FROM PAGE 2)

was received by Commissioner Combs who headed the recodification commission as chairman.

Addressing the opening of the first general session, Mr. Combs lauded the agents for their determined support of the recodification project. As a legislative bill, the code was 475 pages in length, he said. "When we talked to members of the 1959 legislature about adoption of the code, they often complained that it was too long to read and many sections difficult to understand because it was highly technical. However, they said they would vote for it because their folks back home—their local agents, had assured them that the bill was sound and to the interest of the insuring public." As a result, he continued, the bill passed the senate 34 to 0 and the house 94 to 3.

Present Letter Of Commendation

In a surprise, unannounced program item, Arkansas Field Club presented to President Cobb and the association a framed "letter of commendation" for the association's "great and public-spirited contribution" in the successful preparation and adoption of the new code. The presentation was made by the field club chairman, Henry A. Ritgerod, Little Rock.

Paul H. Jones, Tucson, vice-president of NAIA, described the "three types of agents as the direct writer who is paid a 'finder's fee' for his solicitations, the true professional who has the best product, the best knowledge, and the sales ability to serve the public properly, and the agent who runs an insurance general store and wants to have everything that the public wants to buy.

Cites Dire Predictions

"Are we professionals or are we merchandisers of the latter group?" Mr. Jones asked. Citing the dire predictions being made for the future of the agency system, he predicted that the professional-type agent is here to stay. "I'm not in favor of following some of the self-styled experts who think they have the answers in continuous policies and direct billing for the survival of the agency system," he declared. "I'm in favor of meeting change but not at the expense of reducing premiums at the expense of my commissions if I'm doing a professional job."

The first session was brought to a close with an address, "How To Work Smarter—Not Harder," by Richard J. Layton, vice-president Rough Notes Co. "Your big problem is not fighting change but in conserving your time so you can get out and sell," he told the agents. He pointed to results of various surveys on how much of the average agent's time is spent in office routine and administrative details which could be left to others or short circuited by streamlined agency procedures.

The second session was devoted to "an agency management workshop" panel discussion led by Carnall Gardner, Fort Smith. Panelists were Atherton Hiett, Leachville, who covered machine bookkeeping, forms of agency ownership, and methods of agency perpetuation; George Frazier, Hope, renewal and expiration records and procedures, and P. Gaylon Brown, Fort Smith, newly elected vice-president, who outlined premium collection plans and what the normal expense ratios are to gross premiums of successful agencies.

At the business session, George

Frazier, Hope, advertising committee chairman, reported the association had reached 60% of its 1958 quota in the Big I ad campaign. A special committee on education, headed by the newly elected president, Robert Davidson, Jonesboro, recommended establishment of a continuing educational program built around full-day regional education meetings and other courses such as seminars and sales conferences. The report was unanimously adopted.

Williams Gives Report

Reporting for the conference committee, Grainger Williams, Little Rock, chairman, said it was just a matter of time before the MPIC homeowner filing, which was disapproved by the department early in January, would be refilled and probably approved. His committee has recommended to Arkansas Inspection & Rating Bureau, he said, adoption of an all-purpose endorsement form and blanket insuring forms for all-steel cotton gins.

Floyd Curtis, Helena, chairman of the public relations committee, related how speakers' bureau has been established in cooperation with Arkansas field men and how the association has cooperated with the department in getting out news releases to inform the public of insurance changes.

Airline Coverage With Zurich And In London

The coverage for the two Capital Airlines passenger planes, which crashed in Maryland and West Virginia May 12, was with Zurich and in the London market. One plane, a Constellation, toppled off the runway while landing at Charleston, W. Va., and fell down a 200 foot embankment, killing two passengers and injuring several others. The other plane, a Viscount turboprop jet airliner, exploded in the air near Baltimore, killing all 31 aboard.

The Constellation was valued at about \$1 million and the Viscount at slightly more. The cause of the crashes has not been determined.

Dedicate New Central Station Of ADT On L. I.

At the formal dedication of American District Telegraph Co.'s station at Mineola, L. I., fire and police officials, insurance representatives and business leaders joined ADT executives in an inspection of the new facilities. The open house was followed by a luncheon at Garden City, and the showing of ADT's color-sound film, "When Every Minute Counts."

Will Protect Nassau, Suffolk

The Mineola central station, the second on Long Island, will safeguard commercial and industrial establishments in Nassau and Suffolk counties. Currently serving more than 300 subscribers, it has direct-wire connections to headquarters of 10 fire districts, Nassau County police headquarters and police in Garden City and Lynbrook. Businesses in Brooklyn and Queens will continue to be served from the Long Island central station.

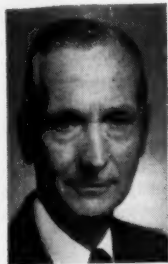
American District Telegraph Co., known as the ADT system, is a nationwide organization safeguarding \$67,000 properties valued at more than \$56 billion, not including cash and securities in banks and other financial institutions.

Surety Assn. Reports Volume Up In 1958

(CONTINUED FROM PAGE 1)

member companies' insistence on the economy, following generally poor underwriting experience.

Mr. Gaffney gave a rundown on 1958 results. Fidelity premiums earned by member companies for 1958 increased to \$56 million from \$53.6 million in 1957. Because it was not a premium renewal year for many bonds



William H. Bennet



Warren N. Gaffney

written under the three-year term rule, writings dropped from \$63.1 million in 1957 to \$56.2 million in 1958. Similarly, underwriting expenses which are heavier during renewal years such as 1957 (due primarily to prepaid production expenses) likewise dropped, and as a result total expenses incurred in 1958, other than loss adjustment expenses, were reduced from 52% to 46.7% of earned premiums.

There was little improvement in the level of losses and loss adjustment expenses incurred which remained about 53% of earned premiums, making a total of losses and expenses incurred of 99.7%—or a statutory underwriting gain of a negligible three-tenths of 1%, Mr. Gaffney noted. In 1957 there was a statutory loss of 5.9% and in 1956 a statutory gain of 7.4%.

Surety premiums earned by member companies increased to \$105.6 million in 1958 from \$99.8 million in 1957, he continued. Total expenses incurred, excluding loss adjustment expenses, remained rather stable at about 57.6% of earned premiums. However, losses and loss adjustment expenses incurred dropped approximately three points from the 1957 level to about 33.4%. This resulted in a total of losses and expenses incurred of 91%, or a statutory underwriting gain of about 9% compared with 6% for 1957 and only 1% for 1956. It is hoped that this improvement may be reflective of more careful underwriting since the 1956 deluge of contract claims, Mr. Gaffney said.

Aetna Casualty, Aetna Fire, Ameri-

Uphold One Year Suit Clause In PPF

(CONTINUED FROM PAGE 4)

the contract and continuing up to the time of the suit.

"Nothing was to be done in Florida pursuant to the insurance contract except the purely ministerial act of payment by the insurer, and that was so only because of the fortuitous circumstance of insured's removal from Illinois to Florida. Under strikingly similar circumstances, the Supreme Court has held that the forum state did not have the right to deprive a defendant of a contractual provision limiting the time within which suit could be brought. *Hartford Accident vs Delta & Pine Land Co.*"

The court went on to discuss other cases decided by the Supreme Court and concluded that the insurer had a constitutional right to the enforcement of its contract provision. It said: "We hold that the provision in the subject insurance policy which limits the time in which suit can be brought is a substantial property right which is protected by the 14th amendment to the constitution, and under the circumstances of this case a violation of due process would result from the application of Florida statute 95.03 to this provision."

Attorneys for Sun Office were Rein, Mound & Cotton of New York City and Wicker & Smith of Miami. Insured was represented by Paschal C. Reese, West Palm Beach.

Kott Heads Insurance Unit Of General Finance Corp.

Roland Kott has been elected operations vice-president of Mid-States and Mid-States Life, the insurance subsidiaries of General Finance Corp. The companies specialize in automobile and credit coverages for General Finance customers.

Mr. Kott has been in the consumer credit business since 1934 and has been with General Finance since 1945. He has specialized in insurance since 1953.

can, American Surety, Citizens Casualty, Continental-National, Employers Liability, Fidelity & Casualty, Fireman's Fund, Hartford Fire, Home, Maryland Casualty, Royal-Globe, Travelers, and U.S.F.&G. were elected to the executive committee.

Mr. Gaffney was reelected general manager. Also reelected were John L. Kirkwood, deputy general manager, and E. Vernon Roth, secretary. John F. FitzGerald was elected secretary. All staff officers were reappointed.

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HEmlock 5-3541

Reinsurance Department
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WAbash 2-7515

Sees Auto Rating Change, Commission Cuts

(CONTINUED FROM PAGE 15)

less of the burden and the accident repeater and traffic law violator more. It is said that independent agents have insisted upon payment of losses for accommodation purposes. Such a policy may have tended to raise loss ratios of agency companies and to aggravate the competitive situation.

With an adequate contract, without frills, priced at a competitive rate, he said he hoped the sales forces of the

agency system will grasp their opportunity. Such merchandising requires an expanded sales force. Today, he said, there are more representatives of the exclusive agent companies than producers in the agency system. Will the agency system, aided by the companies, meet this challenge of a new growth market?

Mr. Steiner also predicted that the commission will come to be based upon

a point system, debits and credits. An agent wishing to abuse the flat cancellation privilege would be required to pay for this luxury out of his own pocket. No deviation from a stringent policy of prompt agency remittances to his company should be tolerated. Failure to pay the companies on time is a luxury the system cannot afford.

Assuming these fundamentals, the point system would be a composite percentage figure computed by each company for each of its agents, with increments above a base commission for elements of service rendered by

the agent or for quality of business.

The composite commission would be reviewed periodically for readjustment of the elements. Initially the base would be low enough to accommodate producers who only sell. Additional points would be added for class of business written, policy writing, handling of claims up to a specified dollar limit and preparation by the agent of his company accounts on a form compatible with the company's accounting system on an automation basis.

Points For Volume

Points would be added for volume, which would tend to induce the agent to place more business with a single company. There could be added points for a favorable loss ratio, on a base of five to 10 years, with the old year out and the new year in. This would level out single adverse loss years.

This may seem a bit unwieldy but may represent the only fair way to reflect all of the factors which distinguish a top-notch producer from the journeyman agent, he said.

Conceivably agents could be licensed in two separate categories, salesmen distributing policies, and a counselor or advisor. Such a program would require law changes in most states and the license examination would have to be changed. Qualifications for the salesman classification would have to be as good or better than at present. Qualifications for counselor or advisor would have to be extremely rigid, with proof of training, character, experience and ability.

Mr. Steiner feels no great concern about prospects for the agency system in the immediate future. As time goes on, the need of trained, competent, qualified producers, the really top-notch agent, will be enhanced, not diminished. Agents must however, be receptive to change, be able to accept it, and be able to adapt to it.

Develop Special E&O To Meet Life Agent's Problem

An errors and omissions policy designed specifically for life agents and developed as a result of suits that have been brought against life agents accused of giving poor advice in selling bank-loan or minimum-deposit plans was announced at the first annual convention in Washington, D. C., of Assn. of Advanced Life Underwriters.

The policy was developed by the association's officers and its legal counsel, Cooper & Silverstein of Washington, in collaboration with Interstate Fire & Casualty of Chicago, which will issue the policy.

Archer Joins Stuart Agency

Martin T. Archer, formerly president of Affiliated Surplus Brokers, New York, has joined the Stuart agency at Hackensack, N. J., in an executive capacity. The firm is general agent for a number of companies and specializes in the transportation business, while writing general lines.

Prior to joining Affiliated, Mr. Archer was vice-president of Geo. F. Brown & Sons in New York. His new duties with the Stuart agency will be development of new accounts and the surplus line department.

State Farm Auto Names Marlow

Oscar Marlow has been promoted to general claim superintendent in the home office of State Farm Mutual Automobile. He was formerly divisional claim superintendent in the west central office at Lincoln, Neb.

Businessmen are getting the message in TIME!

(... and in Newsweek and
Nation's Business, too!)



"Right now they're both tied up—but they'll be happy to discuss insurance with you in the morning."

Before tomorrow morning, one out of every three business firms could suffer a criminal loss not covered by insurance. In fact, surveys prove that over 2,500,000 businesses lack adequate protection against one or more common risks.

Yours could well be one of them. So why take chances. Ask your Aetna Casualty agent today for a complete analysis of your present insurance program and the risks to which your business

is exposed. His professional methods were pioneered by Aetna Casualty. And he backs them up with his individual personal service.

Why not phone him? His name is listed in the yellow pages of your local directory.

Ask about Budget-Rite, Aetna Casualty's new monthly payment plan. It's simple — convenient — businesslike. Conserves working capital, too.

AETNA CASUALTY

Quality INSURANCE for individual, family, business, home and other possessions



Aetna Casualty and Surety Company • Affiliated with Aetna Life Insurance Company • Standard Fire Insurance Company • Hartford 15, Conn.

Here is one of Aetna Casualty's current series of national ads aimed directly at commercial risks. Briefly, the message is this:

Many businesses, large and small, lack adequate insurance . . . need a planned program of protection . . . the kind of program an Aetna Casualty agent is especially well equipped to provide.

Illustrated with the humorous cartoons of George Price, these ads will be reaching millions of business owners and managers throughout 1959, promoting the services of Aetna Casualty agents.

AETNA CASUALTY and SURETY COMPANY

Affiliated with Aetna Life Insurance Company • Standard Fire Insurance Company • Hartford 15, Conn.



Agency
Building
is our
Business

ALL FORMS OF CASUALTY, BONDING, FIRE AND MARINE PROTECTION

Outlines Value Of Organized Agent Groups

(CONTINUED FROM PAGE 18)

is not mere happenstance, and that individual company advertising for specific identification is done with a particular purpose in mind. "Certainly no company really thinks a telephone number at Western Union or a full page ad in Good Housekeeping will bring in a single dollar of premium," Mr. Rosenbaum said. The companies doing this advertising usually don't even bother to get a listing in the "Yellow Pages." If today's advertising isn't for the purpose of today's sales there must be another answer. "A reputable source" advises Mr. Rosenbaum that every major company has already blueprinted plans for fielding its own sales force should the day arrive when officers, directors and stockholders think they can make more money selling direct than through the agency system.

Agents must meet the challenge by weeding from their ranks by merger, purchase or death those who are unworthy of the name independent agent. These expendable agents have built up a comfortable living and are

satisfied to rest on their swivel chairs rather than introduce new salesmen, solicitors or partners. Agents must join in strong trade associations vested with authority to speak for the majority who seek a common goal. Agents must not be lulled into the belief that they can go it alone. The companies are not unorganized. By treaty and agreement they have joined associations and bureaus, and they have delegated a substantial measure of their independence to these organizations, confident that the current struggle over commissions will either produce greater profits or furnish the excuse for going direct.

Mr. Rosenbaum said that when he talks with Louisiana agents he gets the impression that they feel the New Orleans-Baton Rouge Exchange decisions ended the need for a strong trade association. Perhaps they feel that since they can't limit competition by ground rules there is no other way to do so. But in Mississippi, agents make their voice heard through organized cohesive force working in the interest of the buying public. His association's stand before the legislature or the regulatory authorities is never taken lightly.

Mr. Rosenbaum regrets that the current strained relations between agents and companies have developed. But agents must organize at the state and national level, so that companies will consider them equals to be consulted on common problems. The law of survival dictates that every agent must support his state association with his checkbook and his time.

Describes Rating Procedure

H. P. Walker, assistant secretary of the casualty and surety division of Louisiana Insurance Rating Commission gave a short general outline of automobile liability rate making procedure in non-technical language. He explained that auto liability rates were made on the policy year basis until August, 1958. At that time the private passenger liability rate adjustment was based on the calendar-accident year method. This compares basic limits incurred losses, arising out of accidents during a given twelve-month period with premiums at present rates and exposures earned during the same twelve-month period. The new calendar-accident year method produced rates which were much more responsive to recent adverse auto liability experience in the state.

Mr. Walker said that the expected loss ratio, however, for BI and PDL combined was about 75%, and this experience showed the need for a basic limit rate level increase of about 25.4%.

Aetna Fire Promotes Three To Claim Posts

Aetna Fire has promoted Warren K. Williams to superintendent of casualty claims for Texas, with headquarters at Houston. Hugh N. McNair succeeds him as claim manager at Houston. The company also named James J. Taylor claim manager at Tampa.

Mr. Williams joined the company in 1956 as claim manager at Corpus Christi. Previously he had handled multiple line claims with an independent adjusting concern. Mr. McNair joined Aetna Fire in 1941 as an adjuster. He was named claim supervisor at Millburn, N. J., in 1957. Mr. Taylor joined the company in 1957 at Millburn and was transferred to Houston later that year.

Swett & Crawford

What
your
clients
don't
know
can
hurt
you

Suppose a client of yours had a fire today. If his insurance proved inadequate, could you expect much future business from him?

Suppose another client is carrying more insurance than he actually needs. Some other agent could show him how to save on premiums, which certainly wouldn't help your cause.

When your client doesn't have proper coverage, you stand to lose some business.

What's the answer? An appraisal prepared specifically for insurance purposes.

When you recommend The American Appraisal Company, your clients will gain the benefit of our 63-year leadership in the field. Appraisals are thorough and detailed, based on facts that will stand investigation.

American Appraisal reports for your clients are good protection for you.

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**AMERICAN
APPRAISAL
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Home Office: Milwaukee 1, Wisconsin
Offices in 18 cities coast-to-coast



Mr. Agent:
We can lessen
your "load"
with our
prompt service,
facilities, and
insurance
know-how!

**NATIONAL UNION
INSURANCE COMPANIES**

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THE
TRI-STATE GROUP

All Multiple Line

Tri-State Insurance Company
Farmers and Merchants Insurance Company
Midwestern Insurance Company

Home Office

Tri-State Insurance Building

Tulsa, Oklahoma

WANT ADS

Rates—\$22 per inch per insertion—1 inch minimum—sold in units of half-inches. Limit—40 words per inch. Deadline 4 P.M. Friday of week before publication in Chicago office—175 W. Jackson Blvd. Individuals placing ads are requested to make payment in advance.

THE NATIONAL UNDERWRITER

BRANCH OFFICE UNDERWRITING MGR.

Aggressive Midwest company needs experienced Casualty Underwriter with Supervisory experience to manage decentralized Branch Office and Branch Office Underwriting Department in our growing Kansas City Branch Office.

Salary and bonus commensurate with responsibilities. Please furnish résumé of Casualty Underwriting and Supervisory experience. Address Box G-35, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Wanted DEVIATING MULTIPLE LINE CO.

Established managing General Agency in deep south has \$250,000 Casualty and Fire business to place divided 50-50 Fire and Auto with other lines included. This business underwritten with full reports.

We represent other companies with highest ratings. Reply Box G-39, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ACCOUNTANT

Excellent opening and future for responsible man 22 to 35 experienced in Life and/or Casualty Accounting with accredited courses in accounting. Good paying position Midwest multiple line company. Write Box G-46, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill., stating qualifications and personal résumé.

"IN PHOENIX, ARIZONA AREA"

Reliable group want to buy direct insurance business from either broker or agent. Must be diversified and clean. Replies strictly confidential. Address Box G-49, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

AUTOMOBILE UNDERWRITING OPPORTUNITY

A Progressive Midwest Multiple-Line Company needs an aggressive and career-minded individual to join line underwriters in rapidly expanding operation. Above average salary—excellent benefits—college degree preferred—to age 40. Reply Box G-50, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

A large Managing General Agency is in need of additional companies licensed to do business in Indiana, Ohio and Michigan. Reply to Box G-51, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

Fidelity and Surety Special Agent for State of Indiana. Minimum of two years experience either as an Underwriter or Special Agent. Write to: Wolverine Insurance Company, Bond Department, Battle Creek, Michigan.

CLAIMS SUPERINTENDENT

Now employed by Multiple Line Group, seeks change. Over 20 years experience. Attorney, capable Organizer, Administrator and Coordinator. Comb. Loss and Exp. Ratio 52%. Prefer Midwest. Reply Box G-53, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CALIFORNIA OPPORTUNITY

Man experienced in rate filing (State, Company, or Bureau), analysis, manual revisions, etc., to assume responsible position in San Francisco Home Office of national organization. Outstanding Company-paid benefit program. Reply Box G-54, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

BOND Underwriter-Producer

Large multiple line stock company, expanding operations, seeking man to underwrite & produce fidelity & surety business in Raleigh. This position is new, resulting from recent growth, and offers excellent opportunity. Write in detail giving experience, background & salary requirements. P. O. Box 178, Wall St. Station, New York 5, New York.

All replies confidential.

EXECUTIVE OFFICER WANTED

by Suburban Chicago company writing all Casualty lines. Licensed in 12 states, has class II charter, writes approx. \$3 million annually. Will have full control of administration. Top opportunity. Salary open, incentive plan. Write full details of background, give salary expected. Address Box G-57, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

CONTROLLER

for Chicago multiple line insurance company rated A:BBB-. Exceptional opportunity for a man with about 10 years insurance experience to assume full responsibility for growing account department. Ability to analyze and interpret financial reports and improve systems and procedures essential. All replies confidential. Send complete resume to Box G-62 c/o The National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

**WANTED
EXPERIENCED UNDERWRITER**
in Automobile and Hard to Place General Liability. Agency experience for establishment of Surplus & Excess line agency. Backed by Home Office operation. Please send résumé of experience and necessary salary. Unlimited opportunity. Reply Box G-55, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Illinois.

FIELDMAN—WESTERN NEW YORK TERRITORY

Well known Multiple Line Fire-Casualty Company seeks topflight Special Agent, Western New York Territory, locate in Rochester. Emphasis on fire experience. Salary open. Inquiries invited in strictest confidence. Reply Box G-56, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

ENGINEER

Engineer wanted to assist in engineering and claim departments of large agency. Indiana elevator license required. Boiler license desirable. No traveling. Married man preferred. To Age 45. Salary open.

O'ROURKE & COMPANY
1208 Fort Wayne Bank Bldg.
Fort Wayne, Indiana

INS. FIELD REPRESENTATIVE

The insurance service division of an organization with Chicago offices, made up of over 300 companies, desires a field consultant to handle all lines of insurance including Loss Prevention and appraisals. Prefer an experienced man between ages 25-40, however would consider a trainee. Travel in Illinois only. Salary commensurate with ability. Send résumé. Box G-58, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

AUTOMOBILE PHYSICAL DAMAGE SPECIALIST AVAILABLE

14 Yrs. Retrospective and direct company experience; Managerial, Supervisory and Adjuster background. Direct Company or Large General Agency connection desired. Address Box G-59, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

LOCAL AGENCY POSITION OPEN

Experienced man under 35 for Junior customer account position in local agency, with ability to service and develop an increasing volume and advance in agency. Active, fine community 50,000 population, located vicinity Ia., Wis., Minn. Future stock ownership available to qualified party. Reply Box G-60, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

Award Of \$234,000 In Airline Death Suit

A \$234,000 out of court settlement has been made in a negligence suit growing out of the death of a business executive in the Capital Airlines crash in Michigan in April, 1958. Zurich was the insurer through Aero Associates. The settlement was disclosed when a petition for approval was filed in Westchester county (N. Y.) surrogate's court.

The award—believed to be the highest ever made in a single death case—was made to the estate of John K. Weiss of Harrison, N. Y., assistant vice-president and treasurer of the Fund for Advancement of Education, a subsidiary of Ford Foundation. He left a wife and five children.

25 Agents Complete America Fore Course

Nicholas Dekker, executive vice-president of America Fore, presented 25 local agents from 15 states and Canada with certificates marking their completion of the group's six week insurance course. The ceremonies took place at the Drug & Chemical Club, New York.

The graduates completed 210 training hours, covering all phases of property and casualty insurance, including boiler and machinery and bonding coverages. The course included lectures, classroom discussions, forums directed by managers of various boards, bureaus and associations, field trips, question and answer sessions, tests and interviews with America Fore executives, department heads and technical specialists.

Rae Retires In Montana

William E. Rae, regional manager of Royal-Globe at Great Falls, Mont., since 1949, has retired after 32 years with the company. He entered insurance with an agency at Havre in 1924.

Virginia Casualty & Surety Assn. will hold its annual meeting and banquet at Jefferson-Lakeside Country Club, Richmond, May 25.

INSURANCE SURVEY MAN

for Boston consulting firm. Expansion to international status has created need for young college man to join our staff. You should have working knowledge of all general lines and ability to analyze coverages and prepare written reports. Opportunity for advancement is exceptional because we are growing. Our firm does not sell insurance. Write Box G-63, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

INDIANA FIELDMAN WANTED

Fire, Marine and Multiple Peril Fieldman for Indiana with large stock company. Good benefits. Excellent opportunity for qualified man with experience. Reply in confidence. Box G-61, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

WANTED

St. Louis agency wants Missouri licensed company writing sub-standard auto BI & PD at a sur-charged rate. \$100,000.00 volume with a very profitable loss ratio. Reply Box G-64, National Underwriter, 175 W. Jackson Blvd., Chicago 4, Ill.

AVAILABLE

Twelve years good experience in all lines of insurance. Want job as Fieldman or managing General Agency. Age 42, married and family. Prefer Michigan, but will relocate. Will furnish best of references. Reply Box G-65, c/o The National Underwriter Co., 175 W. Jackson Blvd., Chicago 4, Ill.

Hayes With General Re As Claims Attorney

John E. Hayes has joined General Re as a claims attorney. He will deal primarily with claims arising out of the company's facultative business, including excess covers written for self-insurers.

Mr. Hayes began his career in 1941 With Liberty Mutual at Chicago where he had extensive field and office experience in investigating, adjusting and supervising liability and workmen's compensation claims. For the past eight years he was chief adjuster of liability claims.

Two From Insurance In Library Hall Of Fame

Daniel N. Handy, former librarian of Insurance Library Assn. of Boston, and Laura A. Woodward, librarian of central research library of Maryland Casualty, were named posthumously to the first hall of fame of Special Libraries Assn. They were nominated for their contributions in professional techniques and standards as well as for services.

Mr. Handy had been with the Boston association for 43 years until his death in 1948, and Laura Woodward was with the Maryland Casualty library from 1927 until her death in 1945.

Cross In Legal Post With Great American

George R. Cross has joined Great American as assistant general attorney in the law department.

He began his insurance career in legal and claims work with Atlantic Mutual and later with General Adjustment Bureau. Since 1952, he has been assistant general counsel of National Assn. of Insurance Agents where his duties included legal and legislative matters. He also shared in general administrative duties at the head office in New York. He has been co-author of the legal comment column in the American Agency Bulletin.

Lumber Mutuals Name Kemper President

James S. Kemper, chairman of Lumbermans Mutual Casualty and American Motorists, has been elected president of Associated Lumber Mutuals, with whom he has been affiliated since he started in the insurance business in 1905, first as a field representative in Ohio for Central Mutual of Van Wert and later when he established his own business in Chicago.

I. G. Saltmarsh, president of Indiana Lumbermens Mutual was elected vice-president of the Lumber Mutuals and O. Cameron Moffatt, treasurer of American Manufacturers Mutual, was named secretary-treasurer.

Zurich Names Harkins To A&S Sales Post

Patrick E. Harkins has been appointed sales manager of special A&S coverages of Zurich. He joins the company with extensive experience in this line since 1951.

NOSKER EMPLOYMENT AGENCY
Insurance Specialists 34 Years
California Positions
Male—Female
All Lines

610 So. Broadway

Los Angeles 14



When your client wants to know "Why?"

WHEN YOU RECOMMEND an appraisal to an industrial, commercial or institutional property client, give him a copy of our brochure, "Appraisal Procedure." It will answer the many and frequent questions about the need for authoritative appraisals to establish insurable values . . . assure compliance with co-insurance clauses, provide proof of loss . . . keep valuations up to date with current replacement costs.

Many brokers and agents find "Appraisal Procedure" very useful, also our booklet, "What The Businessman Should Know About Fire Insurance" (100 pages of valuable information). A supply of both publications is yours without cost or obligation. Write Dept. NU.

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Recognized Appraisal Authorities
4411 Ravenswood Ave., Chicago 40, Ill.
Offices Coast to Coast.
First for Factual Appraisals Since 1910



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CONFIDENTIAL NEGOTIATIONS FOR SALE OF INSURANCE COMPANIES

RALPH F. COLTON
30 N. LaSalle St. Chicago 2, Ill.
Financial 6-9792

Sen. O'Mahoney Pursues Inquiry Into Ocean Marine Market

(CONTINUED FROM PAGE 1)

of risks. He cited the fact that an insurance company might have hundreds of "open" cargo policies outstanding with tremendous potential liability and no means of knowing what concentration of risk existed at any moment. These factors made broad arrangements for risk spreading and sharing the only means of protecting the soundness and reliability of the insurance written.

Liberalized facilities to ship owners and shippers requiring risk spreading between companies must be supplied by the American market if it is to compete in the world insurance market, Mr. York said. Also, the American market could not provide these facilities necessary for modern commerce without arrangements for spreading the risks involved. A syndicate operation greatly increases the capacity as well as the competitive independence of the market.

Recognition of these facts plus the desire to create a strong U. S. merchant marine following World War I was what led Congress in 1920 to grant certain anti-trust exemptions to marine insurance, Mr. York said. Subsequent government studies revealed no cause for action.

Mr. Sills said the moratorium provision of the McCarran act applied to ocean marine. Donald P. McHugh, subcommittee counsel, asked how that could be reconciled with the limited anti-trust exemption of marine insurance. Mr. Sills replied that the FTC's construction was that marine was entitled to the moratorium along with other segments of the industry.

However, he conceded in reply to Mr. McHugh that the McCarran act provision against coercion, boycott and intimidation did apply to ocean marine. Sen. O'Mahoney stated that this section of the McCarran act was his amendment and "it is my belief that nothing in section 29 of the merchant marine act ever contemplated exemption of the ocean marine insurance business from boycott, intimidation coercion," Mr. Sills agreed. Sen. O'Mahoney said Mr. Sills' testimony puzzled him. The exemption under section 29 is a specific and limited law and "we cannot read anything else into it," he said.

Gwynne's Testimony

After investigating ocean marine insurance in all of its activities associated with the general insuring by domestic insurers of foreign and domestic cargoes, as well as American vessels or hulls, FTC closed the case in 1956. This it did, Mr. Gwynne said on two grounds: (1) That certain concerted activities engaged in by ocean marine insurers involving reinsurance and/or a direct sharing of risks were exempted by section 29 of the merchant marine act of 1920; and (2) that most of the alleged restrictive practices occurring between 1928 and 1948 were terminated prior to the expiration of the moratorium contained in the McCarran-Ferguson act.

However, he added, FTC recommended that since the record disclosed certain pre-moratorium activities having some restrictive effect on competition, an appropriate authority should review this record against the background of the anti-trust exclusion. Thereafter, the files were transmitted to the Maritime Administration of Department of Commerce for an appraisal of the entire record. On Feb. 3, 1958, Department of Commerce sent FTC a report noting that most of the

concerted activities questioned by FTC had been liquidated.

The subcommittee asked FTC the following questions:

1. Is there competition in this industry?
2. Are rates realistically responsive

to competition or arbitrarily maintained through rating boards?

3. Are companies that want to deviate hindered by restraints imposed by the states and/or the industry?

4. What is the extent of state regulation of insurance advertising and has



A heap of planning goes into a home...

the final touch should be an efficient, flexible program of insurance. You have more to offer your prospects today than ever before, with a package program to fit every purse.

For up-to-the-minute sales information write
Multiple-Peril Department . . .

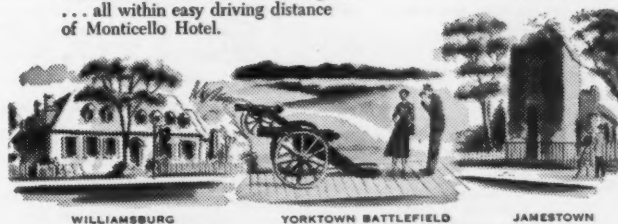
SCOTTISH-AMERICAN GROUP



SCOTTISH UNION and AMERICAN UNION
NATIONAL INSURANCE COMPANY • INSURANCE COMPANY
of NEW YORK
HARTFORD, CONNECTICUT

Gateway to historic Shores NORFOLK, VIRGINIA

■ Cape Henry, where the first settlers landed . . . Jamestown . . . restored Williamsburg . . . Yorktown, where Cornwallis surrendered to Washington . . . all within easy driving distance of Monticello Hotel.



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PRITCHARD AND BAIRD

123 William St., New York 38, N. Y.
Phone WOrth 4-1981

REINSURANCE

CONSULTANTS AND INTERMEDIARIES
"We Are What We Do"

there been an improvement since FTC action of 1954 and 1955?

5. Does FTC consider state regulation adequate to protect the public interest in insurance?

6. Does FTC advocate federal legislation in connection with the regulation of the insurance business?

Replies To Questions

Mr. Gwynne replied:

1. The factual information available to FTC from its investigations and from reading thousands of letters received from members of the public and civic and business organizations, as well as a study of industry and state reports, indicate that intense competition exists in life and casualty. The great influx of new insurance organizations in all fields of underwriting reflects the ease with which new competitors may enter this market. Il-

lustrative of this is the meteoric rise of the number of insurers issuing A&S policies in the past 20 years. This rise has been accompanied by expansion in coverage offered, as well as the recent offering of coverage to persons over 65.

Limited By States

2. Aside from ocean marine rates, FTC has not considered this. Rating organizations operate under state law and are thereby limited to certain fields of casualty underwriting. Statutorily excluded from such board activity are reinsurance rates, policies of assessment cooperative fire insurers, annuities, life insurance, marine, and A&S.

If reference is made to organizations of agents and/or insurers operating informally under self-drawn by-laws then, of course, the question should

be addressed to Department of Justice, whose jurisdiction was established over certain acts of boycott, coercion and intimidation in New Orleans Exchange and Cleveland Board cases, he said.

Ocean Marine Unique

The unique position of the ocean marine insurer in a market confronted by foreign competition unlike that seen in any other form of insurance underwriting, coupled with the general difference in risk exposure presented by individual hulls and cargoes, makes it difficult to give the subcommittee a complete factual picture of the factors affecting the ocean marine rate in either the hull or cargo field.

3. The right of an insurer to deviate from state approved bureau rates is, of course, subject to the procedural laws of each state governing such right. FTC is not aware of any restraints imposed upon any insurer seeking such right under state law, Mr. Gwynne declared.

4. State regulation of insurance advertising viewed in the period 1954-1959 reveals two changes. The so-called model bill governing unfair trade practices had been enacted by 27 states when FTC initiated its investigation of A&S advertising. Today, 45 states have enacted the model bill and the other states have general insurance laws reaching the advertising of insurers, agents and brokers.

He called attention also to the trade practice rules promulgated by FTC in 1956. Today, 33 state insurance departments have adopted these rules as guides in regulating insurance advertising.

A comparison of A&S advertising used in 1953 and 1954 with current advertising of such coverage reveals a marked improvement, he said.

In determining, from time to time, to proceed in the public interest in insurance, FTC did so because the act or practice in question could not be reached by the police power inherent in the state or because the act or

practice was being employed in a state that had failed to enact a law regulatory of such acts or practices.

Citing the Travelers Health case pending before the Supreme Court, he said FTC does not believe that Nebraska alone is empowered to exercise its police power over the mailed advertising of its insurer in the other states in none of which is Travelers

The U. S. Supreme Court has agreed to review the case of *Federal Trade Commission vs Travelers Health of Omaha*. The eighth circuit court had dismissed an FTC cease and desist order involving the company's advertising the insurance department of that state sent through the mails. Two judges ruled that the Nebraska law empowers to regulate the company's advertising within the meaning of the McCarran act. One judge dissented, holding that the model unfair trade practices act did not provide the sort of regulation congress had in mind.

Health legally present by licensed agents or otherwise. He said he does not believe that the people of Iowa must look to Nebraska for protection from false and misleading advertising any more than people in Nebraska would look to the Iowa commissioner for similar protection.

In the questioning of Mr. Gwynne, Sen. O'Mahoney declared that the constitutional power of the federal government to regulate commerce is an "exclusive plenary power." Under it intrastate commerce may be regulated by the government in some circumstances. He questioned whether Congress could pass a statute to amend the constitution and take away from the government its power to regulate any segment of interstate commerce.

Mr. Gwynne said federal power to regulate commerce is not "exclusive." Congress could, he added, regulate insurance from top to bottom, but it could decide not to exercise that power.

Mr. Gwynne told of FTC's policy of referring complaints outside its jurisdiction to state insurance departments. Mr. Sills indicated that FTC had not had a report of state action taken in such cases. Sen. O'Mahoney suggested FTC refer these complaints to Congress. Mr. Gwynne thought there was merit in this suggestion.

Marine Union Sets Fall London Meeting

(CONTINUED FROM PAGE 5)
agenda for the open meetings. Problems related to insurance of nuclear risks, with particular reference to legislative developments, will be discussed. Canadian Board of Marine Underwriters will present a film on the St. Lawrence Seaway, and another dealing with ice conditions during the past winter.

The conference will open on Sept. 13 with several committee meetings. Council meetings will be held the next two days. British marine underwriting associations have planned an interesting social program.

The 1960 conference will be held in Washington, D.C., under the sponsorship of American Institute of Marine Underwriters. Gremio dos Seguradores, the insurance association of Portugal, has invited the union to meet there in 1961.

Independent Insurance Agents Assn. of Maryland, and Assn. of Insurance Underwriters of Baltimore have moved to new quarters at 225 East Readwood Street, Baltimore 2.

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Sales Discussed By Education Directors

(CONTINUED FROM PAGE 1)

rectors Society—ICEDS—has been in existence either informally or formally for some 46 years—there is some controversy about the exact age of the group—but this year's meeting is only the 12th or 13th official gathering.

ICEDS is a truly inter-denominational organization. The membership is comprised of education directors and other personnel from all types of companies—stock, mutual, direct writing and agency—together with education personnel in other allied fields, as well as university teachers. There is considerable variety, too, in the nature and degree of the education or training members called upon to administer. As a result, the annual meetings usually provide a thorough cross-section of thinking in the business.

Hutchinson Opens Program

With James W. Hutchinson of Home presiding, the program got underway with a panel featuring Jack Lewis and Molly Pearson of the Lewis-Pearson organization, Philadelphia, discussing techniques for "bringing out" and developing sales personality. Miss Pearson, Mr. Lewis, Mr. Jenkinson and Thomas Anthony, also of North America, described the methods employed by North America in its sales training programs to overcome undesirable emotional attitudes which stultify personality development and replace them with desirable emotional attitudes.

Later, Mr. McGrath, Henry F. Alderfer, Combined of Chicago, and William L. Davis, America Fore Loyalty group, formed a board of inquiry which reviewed the main specifications for attitude development listed by the panelists.

Training Workshops

With "sampling" and "window shopping" both forbidden, five concurrent workshops on various types and aspects of training were responsible for some disappointments. Fortunately, these were alleviated considerably by the workshop summaries on Friday, the last day of the meeting. Then, at one general session, "reporters" including William G. Winkler, Glens Falls; Mark Sherman, Citizens Mutual Auto; Frank Horner, Farmers Mutual Automobile; Harold Carmany, Nationwide Mutual; Mr. Alderfer, and A. Harrison Brennan, Royal Indemnity, described what went on at the workshops they "covered." Herman J. Keck, Fireman's Fund, presided at the recapitulation session.

The workshop on agency training handled by Edward W. Brouder of Hartford Accident and Arthur C. Holmes of U.S.F.&G. drew a packed house, proving this is still the chief consideration of company educators.

The loss and claim workshop led by Robert L. Lusk, Mutual Loss Research Bureau, and Floyd Terbell, Lumbermen's Mutual Casualty, agreed that while claims training is needed desperately, such training is largely conspicuous by its absence.

The underwriting shop was directed by Harold E. Marsolf of American Fire & Casualty and J. Wesley Nelson, Zurich; one on training trainers by Chester W. Higgins, American Mutual Liability, and LaVerne J. Donaldson, Standard Accident; and decentralization of training by Robert C. Burke of Royal Indemnity and Arthur L. Brown of Allstate.

A unique feature of the meeting was an evening session called "fielding frustrations" during which members

fired a battery of questions which were caught and answered by those who attended on a catch as catch can basis. This session acted as a medium for extending the workshop discussions.

On Thursday morning, Dr. John S. Bickley of Ohio State University directed a panel discussion of a modified version of the insurance survey of a department store which was presented at the annual Ohio State University insurance conference in Columbus on March 13.

L. V. Irvine, Travelers, Davis T. Ratcliffe of Insurance Society of New York and Mr. Jenkinson handled respectively the crime, liability and property exposures of a medium sized commercial risk described by Dr. Bickley.

Next year ICEDS will meet at the Sea View Country Club in Absecon, N. J., during the second week of May.

Illinois A&H Men Elect William Eyre President

(CONTINUED FROM PAGE 21)

tors will soon be studying a bill for compulsory disability coverage. If enacted, it would amount to socialized insurance, and it would leave the companies writing only supplemental benefits, he said.

The ability that a salesman needs to create an appeal was discussed by John Gaule, assistant vice-president Mutual Benefit H.&A. The average man is improvident and spends what he gets as soon as he gets it, he said. The successful salesman must be able to make his product appeal to this man. Mr. Gaule urged the A&S men to "recognize creative ideas and adopt and adapt them."

Protecting the income is much more important than protecting the life, C. B. Stumpf, general agent at Madison of Illinois Mutual L.&C., declared. Reasserting an axiom of the A&S business, he said that a man will be disabled more often than he will die. The man with hospital and surgical coverage will never be fully protected until his program has been augmented by major medical.

Integrating a client's life program with A&S was discussed by Leon Tracy, vice-president Bankers L.&C. The best lead, he said, is the fellow who asks for literature but requests the company not to send a salesman. "This guy knows he has a need, but is afraid you are going to sell him."

Three aspects of successful selling—setting a goal, how to attain it, and whether it was worth it—were described by Rollie M. Sloten, Interstate Assurance, Des Moines. Mr. Sloten's selling technique seems to be that of belting the client into submission with a feather. This is a soft-sell approach which consists largely of winning the prospect's confidence. The agent may agree with the recalcitrant prospect's views on all points even to the extent that the man doesn't need insurance at the time. During the conversation, however, the agent will be subtly ferreting out holes in the prospect's argument to show him where he lies vulnerable to loss of income.

Richmond (Va.) Assn. of Insurance Agents will hold its annual meeting at Hotel Raleigh, May 26. Ralph W. Howe has been nominated for president, S. Strother Smith Jr. for vice-president, and J. Robert Bond for secretary-treasurer.

New York Approves Rate Increases For Four Blue Cross Plans

Blue Cross rate increases requested by four upstate New York Blue Cross plans have been approved by Superintendent Thacher. The four localities and increases granted are Buffalo, 36.5%; Rochester, 28.8%; Syracuse, 43.3%, and Utica, 31.6%.

Hearings were held by the department in these cities on May 4, 5, 6 and 7, respectively.

Reasons Are Given

The opinions granting the four requests said that in view of the demonstrated need for prompt financial relief for the plans, "The proposed increases cannot be postponed until fall, when it is to be hoped that the Columbia University school of public health and administrative medicine study under the leadership of Dr. Ray E. Trussell will have developed additional criteria for evaluation of subscriber rates of plans of this character."

If the studies produce the criteria, the opinions added, "the rate structure will then be subject to review in the light of current experience."

In addition to the basic contracts to which the increases apply, the four plans have also proposed to offer contracts with narrower benefits at lower rates. These contracts are still under review by the department.

Casualty, Surety Agent Leaders Hold Midyear

Officers and directors of National Assn. of Casualty & Surety Agents at their semi-annual meeting in Chicago last week covered an agenda of 14 subjects.

Reports on the federal self-insurance program, proposed federal workmen's compensation law, government insurance of nuclear energy projects, and related matters received attention.

It was decided to merge the several committees considering these subjects.

The all-industry program designed to solve the automobile accident problem received endorsement.

The directors emphasized the desirability of conference and cooperation with other producer organizations and company associations to the end that appropriate coverages attuned to the atomic and space age may be made available.

Many practices and problems of the surety bond business were studied at length.

Pledge Their Assistance

A motion was adopted complimenting the state insurance commissioners for their effective handling of the fictitious group problem. The association pledged assistance to the commissioners in efforts to retain state supervision.

Following discussion of industry reports relating to the statistical rating and filing problems of multiple line contracts, the members reaffirmed the majority report of the industry committee opposing the M-1 report.

The invitation of Travis Bailey to meet during April, 1960, in San Antonio was accepted.

Starkweather & Shepley Promotes 3

Three 10-year veterans of Starkweather & Shepley at Chicago have been promoted. Leonard W. Anderson becomes vice-president, George R. Doyle secretary, and Otto Deske treasurer.

Pacific Board Elects Clyde Marshall At 64th Annual Parley

(CONTINUED FROM PAGE 2)

cooperation on loss adjustment practices.

Mr. Brumbaugh noted that the board's plans for a public service television program had been reconsidered. In the light of current demands by the television stations, this project has been turned over to Insurance Underwriters Assn. of the Pacific, who are better able to present the series on an "educational basis." It is felt the stations will be more receptive to an educational group, such as the IUAP.

On the matter of flat cancellations, particularly the survey by National Assn. of Insurance Agents, Mr. Archard said: "Flat cancellations are still a costly and vital problem both to companies and to producers in the Pacific territory. Careful analysis by producers of their own flat cancellation cost would refute the reasonableness of anything but an extremely low percentage of flats."

He urged that companies not be lulled into believing the flat cancellation problem does not exist. And he asked that companies, in viewing their own operations, make certain they were not contributing to the cause through the issuance of incorrect policies.

The actuarial and research committee report, given by Walter White, revealed that recommendations have been made to the rating bureaus on six major subjects—separate nuclear exclusion clauses individually designed for separate coverages, a revised inherent explosion clause for general classes, a revised debris removal clause for commercial classes, a substitute program for the superior risk classification, a deferred premium payment plan for reporting form service office business, and a deferred premium payment plan for commercial coverages under the jurisdiction of the Multi-Peril Insurance Conference.

"Sonic Boom" Not Insured Explosion, Court Holds

(CONTINUED FROM PAGE 5)

be distinguished from the Texas case of *Alexander vs Firemen's*, 9 CCH (Fire & Casualty) 787, decided late in 1958. In the *Alexander* case, the loss was held covered under the aircraft damage feature of EC. For over 10 years, aircraft and vehicle damage coverage under EC in most states has been modified by the restriction that cover applies only to loss from "actual physical contact of an aircraft or a vehicle with property covered hereunder." Actually, this restriction was introduced to eliminate coverage of incidents such as a stone being thrown by an automobile against a window or other insured property, but it obviously operates against sonic boom losses. The Texas extended coverage endorsement has neither this provision nor the one which states that concussion is not an insured "explosion." Hence, the Texas court in the *Alexander* case held that the loss was covered by the aircraft damage portion and refused to consider whether "sonic boom" might be "explosion." The form in the Alabama case had the "actual physical contact" restriction, so the aircraft damage cover was clearly out of the picture, and the case seems to be a clear-cut test of whether "explosion" extends to this phenomenon with a negative answer.

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